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General

Foreign Ministry Holds Weekly News Briefing

Sino-Indian Ties Discussed

OW2212105788 Beijing XINHUA in English 1031 GMT
22 Dec 88

[Text] Beijing, December 22 (XINHUA)—The current visit to China by Indian Prime Minister Rajiv Gandhi has started "a new period" for the Sino-Indian relations, said a Chinese Foreign Ministry spokesman here today.

At the weekly news briefing here this afternoon, the spokesman Li Zhaoxing disclosed that during the visit, the two sides have agreed to set up a joint working group to discuss the China-India border issue. But he did not give details about what level the group will be.

During the visit, Li went on, Gandhi and Chinese leaders held "sincere and in-depth" discussions on the border question, which are conducive to reaching a settlement of the issue in the future.

While seeking a solution to the border issue, Li said, the two sides also agreed to develop friendly exchanges and cooperation in other fields, which they think will create an atmosphere and conditions favorable to reaching a fair and reasonable settlement of the boundary question.

He disclosed that when the visit winds up tomorrow, the two sides will issue a joint press communique.

Gandhi left here this afternoon for a tour of Xian and Shanghai.

Indian Border Issue Cited

OW2212120788 Beijing Domestic Service in Mandarin
1030 GMT 22 Dec 88

[From the "National Hookup" program]

[Text] In reply to reporters' questions about Indian Prime Minister Gandhi's visit to China at a news briefing this afternoon, Foreign Ministry spokesman Li Zhaoxing said: The Indian prime minister's visit will have a positive impact on further improvement of Sino-Indian relations and enhancement of mutual understanding between the people of the two countries.

Li Zhaoxing said: The Indian and Chinese leaders held earnest [ren zhen] and in-depth discussions on the border question, which are conducive to reaching a settlement of the issue in the future. The two sides agreed to set up a joint working group to discuss the China-Indian border issue. While seeking a solution to the border issue, the two sides also agreed to develop friendly exchanges and cooperation in other fields and create an atmosphere and conditions favorable to reaching a fair and reasonable settlement of the boundary question.

Li Zhaoxing also disclosed at the news briefing that a joint press communique will be issued by the two sides at the end of the Indian prime minister's visit.

SRV Cambodia Withdrawal Viewed

OW2212111088 Beijing XINHUA in English 1049 GMT
22 Dec 88

[Text] Beijing, December 22 (XINHUA)—China hopes that Vietnam is genuinely withdrawing its troops from Kampuchea and will pull out all its troops as soon as possible so as to create conditions for an early political settlement of the Kampuchean question, a Chinese Foreign Ministry spokesman said at here today.

Speaking at a weekly news briefing, the spokesman said that without strict and effective international supervision, it is impossible to confirm whether the withdrawal of the Vietnamese troops is genuine or not.

In response to reporters, the spokesman said that the two sides need to conduct further discussions with regard to the concrete form, the participating countries and working methods of the international supervision.

He said what is the most imperative now is that Vietnam should show its sincerity in withdrawing its troops. It should issue a time table of withdrawing all its troops from Kampuchea at an early date, which may be accepted by all relevant parties, and put it into practice.

In the process of the withdrawing of the Vietnamese troops, he said, military aids from various parties to the Kampuchea's various parties will be naturally reduced, and after Vietnam withdraws all its troops from Kampuchea, the military aids from various parties should stop. That includes the military aids given by Soviet Union and Vietnam to the Heng Samrin regime of Kampuchea, he added.

U.S. Satellite Accords Discussed

OW2212105188 Beijing XINHUA in English 1030 GMT
22 Dec 88

[Text] Beijing, December 22 (XINHUA)—The Governments of China and the United States have formally signed memorandums of agreement on satellite launching after two rounds of negotiations, a Chinese Foreign Ministry spokesman said here today.

The two memorandums signed are on the security of satellite technology and on liability for satellite launches, the spokesman said. The two governments have also initiated the memorandum of agreement on the aspect of international trade of commercial satellite launching service.

The spokesman was answering a question about the progress made in the recent negotiations on satellite launching business between China and the United States at a weekly news briefing here this afternoon.

"The signing of these documents by the two governments on the occasion of the tenth anniversary of the establishment of Sino-U.S. diplomatic relations marks a new step forward in the cooperation between the two countries in the field of space technology," the spokesman said.

Taiwan's 'Elastic Diplomacy' Viewed
*HK2212141288 Beijing ZHONGGUO XINWEN SHE
in Chinese 1336 GMT 22 Dec 88*

[“Li Zhaoxing Does Not Think That Taiwan’s ‘Flexible Diplomacy’ Will Work”—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 22 Dec (ZHONGGUO XINWEN SHE)—Chinese Foreign Ministry Spokesman Li Zhaoxing said today that he did not think Taiwan’s “elastic diplomacy” would work.

At this afternoon’s news briefing, Li Zhaoxing commented on the Taiwan question at the request of reporters.

He said: We have a basic fact here, which is that there is only one China in the world. The Government of the People’s Republic of China is the sole legitimate government representing the whole of China. The Chinese Government have always persisted in developing friendship and cooperation with other countries on the basis of the five principles of peaceful coexistence.

This spokesman solemnly stated: China is resolutely against the establishment of official relations or contacts of an official nature between Taiwan and countries that have established diplomatic relations with China.

Li Zhaoxing said: Now, Taiwan is advocating elastic diplomacy in an attempt to create two Chinas or one China, one Taiwan. This not only violates Taiwan’s repeatedly stated position that there is only one China, but also runs counter to the wish of the Chinese people at home or abroad who are concerned about China’s reunification.

Li Zhaoxing added: China is of course aware that the absolute majority of the countries that have established diplomatic relations with China hold firm to the understanding or agreements on Taiwan reached when these relations were established, and refuse to establish official relations or be involved in contacts of an official nature with Taiwan.

Moscow Commentary on Gandhi China Visit
*OW2012200688 Moscow International Service
in Mandarin 0600 GMT 20 Dec 88*

[Kalyagin commentary]

[Text] We have reported that Indian Prime Minister Rajiv Gandhi began his official visit to China on 19 December. First of all, we have to point out that this is the first visit to China by an Indian prime minister in 34 years. Our commentator Kalyagin has the following comments on this:

The Indian prime minister makes this visit in the current relaxed world situation, including the relaxed situation in Asia. Progress has now been achieved along the road of reconciliation in a series of regional conflicts, primarily the Afghan, Cambodian, and Iran-Iraq conflicts. Progress has also appeared in relations between big Asian countries—for example, India and China, though the border issue has yet to be removed from their agenda. The border dispute, which gave rise to an armed clash as early as 1962, has put the two countries’ relations in a sustained inharmonious state. In 1981 they began negotiations. Eight rounds of negotiations have been held since then, but without results. Now we hope that Rajiv Gandhi’s visit will give impetus to these negotiations. This is why the Indian prime minister’s stance showing willingness to sit at the negotiation table and solve the border issue peacefully by taking into consideration the interests of both sides has aroused people’s attention. Meanwhile, China is also willing to solve the longstanding dispute on a basis acceptable to both sides.

It should be pointed out that the two countries have great potential for successful cooperation. Over the past few years the two countries have begun active cooperation in the fields of economy, science, technology, and culture. The volume of trade between the two countries has also been rising, but it should be noted that their trade at present is well below their real capacities.

Of course, the current visit cannot solve all questions. However, it may be recognized as a major step in improving bilateral relations and a contribution to promoting the cause of peace in the Asian continent. The Soviet Union’s efforts to strengthen good-neighborly cooperation with India and its new task of normalizing relations with China are in concert with this.

Further Reports on Shevardnadze Visit to Japan

Plans for Gorbachev Visit
*OW2012182088 Beijing XINHUA in English 0720 GMT
20 Dec 88*

[Text] Tokyo, December 20 (XINHUA)—Visiting Soviet Foreign Minister Eduard Shevardnadze said today that Soviet leader Mikhail Gorbachev plans to visit Japan, Foreign Ministry sources said.

Shevardnadze told Japanese Prime Minister Noboru Takeshita this morning during an hour-long meeting at Takeshita's official residence that the Soviet Union and Japan need to have a dialogue at the summit level.

He did not propose a firm timetable for Gorbachev's visit, the sources said.

If that comes to pass, Gorbachev will be the first Soviet leader to visit Japan in the postwar period, whereas former Japanese prime ministers have visited Moscow since then.

Gorbachev Message to Takeshita Conveyed
*OW2012232888 Beijing XINHUA in English 0924 GMT
20 Dec 88*

[Text] Tokyo, December 20 (XINHUA)—Soviet leader Mikhail Gorbachev has expressed hope for improved Tokyo-Moscow relations that have been stymied by a long-protracted territorial dispute.

Gorbachev's message was included in a letter delivered to Japanese Prime Minister Noboru Takeshita by visiting Soviet Foreign Minister Eduard Shevardnadze during a one-hour meeting with Takeshita this morning, a Japanese Foreign Ministry official said.

Takeshita raised the territorial dispute with Shevardnadze and said he hoped this issue of vital importance to Japan and the Soviet Union will be solved through continuous negotiations.

The dispute is over four small islands off Japan's northernmost island of Hokkaido. Moscow and Tokyo claim the southernmost section of the Kurile chain, but Soviet troops ousted 17,000 Japanese residents there in the closing days of World War II and have occupied the territory ever since.

The dispute has been the major obstacle to a peace and friendship treaty that would formally end wartime hostilities.

In reply to Shevardnadze's question as to whether the Soviet Union and Japan can expand ties without agreeing on the territorial issue, Takeshita said that all problems can be solved as long as the two countries hold discussions "with ardency," the official said.

A well-informed Soviet source here told XINHUA that Gorbachev will probably not visit Tokyo as long as there is no progress on the 40-year territorial dispute. The Soviet source indicated that Gorbachev, who is touted for his concept of "new thinking," will not come to Tokyo empty-handed as Shevardnadze did last time and this time.

Still, Takeshita hopes to meet Gorbachev at the earliest possible opportunity, according to the Foreign Ministry official.

Takeshita also told Shevardnadze he wants talk with Gorbachev on how Japan and the Soviet Union can help promote peace and stability in the Asia-Pacific region as well as in the rest of the world.

The prime minister welcomed the Soviet Union's recent initiative to cut its troop strength as a "second revolution."

Gorbachev told the United Nations General Assembly session on December 7 that the Soviet Union will make a unilateral cut of 500,000 armed forces.

Shevardnadze said that Moscow will continue its reform policies of "glasnost" (openness) and "perestroika" (restructuring).

Later in the day, Shevardnadze met ruling Liberal Democratic Party Secretary General Shintaro Abe and former Prime Minister Yasuhiro Nakasone.

Abe was Japan's foreign minister three years ago and met with Shevardnadze in Tokyo in January 1986 and four months later in Moscow.

The Soviet foreign minister, who is heading a 40-member delegation including vice foreign minister Igor Rogachev, arrived Sunday on a four-day visit. He is also scheduled to give a lecture in the evening.

Shevardnadze and Uno will issue a joint communique on Wednesday shortly after the Soviet foreign minister leaves for the Philippines, the second leg of his three Asian-nation tour that also includes the Democratic People's Republic of Korea.

Takeshita Welcomes Dialogue
*OW2012235688 Beijing XINHUA in English 0739 GMT
20 Dec 88*

[Text] Tokyo, December 20 (XINHUA)—Japanese Prime Minister Noboru Takeshita today welcomed a Japan-Soviet agreement to hold talks at the foreign ministerial level more frequently, Foreign Ministry sources said.

Takeshita made the response when he received a briefing by Foreign Minister Sosuke Uno on the outcome of the first day of talks between himself and his Soviet counterpart, Eduard Shevardnadze.

Uno and Shevardnadze agreed yesterday to hold more frequent talks to pave the way for a summit between Takeshita and Soviet leader Mikhail Gorbachev.

Uno plans to go to Moscow in May of next year for consultations with Shevardnadze, according to the Foreign Ministry.

Joint Communique Noted

OW2212093088 Beijing XINHUA in English 1258 GMT
21 Dec 88

[Text] Tokyo, December 21 (XINHUA)—The foreign ministers of Japan and the Soviet Union issued a joint communique here today implying the existence of a territorial issue between the two countries.

"In the negotiations, the two sides expressed their respective understandings on the historical and political aspects relating to the elimination of the difficulties existing in their bilateral relations," said the communique issued by Sosuke Uno and Eduard Shevardnadze.

The communique is believed to be an indication of the existence of the four-decade-old dispute, although no direct reference was made to the issue, Japan and Soviet watchers said.

However, this does not mean that the Soviet Union has changed its basic position on the matter, experts say.

Uno and Shevardnadze, who left here for Manila later in the day, held three rounds of talks mainly on bilateral problems during the past two days. The dispute, which Japan calls the "northern territories" issue, has been the main obstacle to concluding a peace treaty between Tokyo and Moscow to formally end wartime hostilities.

Shevardnadze and Japanese Prime Minister Noboru Takeshita emphasized in their meeting "the great significance of summit-level dialogue between the two countries in furthering development of their bilateral relations," the communique said.

In this connection, Takeshita confirmed the invitation to Soviet leader Mikhail Gorbachev to pay an official visit to Japan.

Shevardnadze said that Gorbachev would be prepared to visit Japan "in the context of an overall improvement in relations between Japan and the Soviet Union," according to the communique.

It said the two ministers agreed upon the possibility and necessity of making efforts with a view to opening a new chapter in the development of the bilateral relationship.

They also confirmed their agreement to continue to hold the regular foreign ministerial consultations between the two countries at least once a year, alternating between Tokyo and Moscow.

The communique said the two ministers agreed to establish a permanent vice-foreign ministerial group to continue talks to further promote the negotiations on the signing of a peace treaty.

'Yearender' on Global Economic Prospects

OW2112212488 Beijing XINHUA in English 1506 GMT
21 Dec 88

["Yearender: 1989: Global Economy To Remain Strong (by Zhang Xichun and Li Changjiu)"—XINHUA headline]

[Text] Beijing, December 21 (XINHUA)—As 1988 draws to a close, many economists forecast that the global economy in 1989 will continue to grow with adjustment and reform, but at a slower speed.

After the stock crash in October of last year, economists felt pessimistic about the future of the Western economy. Some said that a new recession could not be avoided, while many predicted that economic growth in the industrial world would slow down markedly.

However, the Western economy performed better this year than last. According to the World Bank's forecasts, Western economic growth will climb to 3.5 percent in 1988 from 3.2 percent last year thanks to economic restructuring, revitalization of traditional industries and increased exports.

The U.S. economy, with improved performance for six years running, is still in good shape. The U.S. Government has adjusted this year's economic growth rate from the previously predicted 2.4 percent to 3.5 percent, compared to 3.37 percent last year.

Japan has overcome the economic problem caused by drastic appreciation of the yen and ushered in an economic boom. Official figures indicate that the country's economy will expand by over five percent in 1988.

Increased consumer spending and corporate investments have given an impetus to Western Europe's economy. The European Economic Community predicted that the average economic growth rate in 12 EEC member countries will rise from 2.5 to 3.5 percent, the highest in ten years.

The economy in socialist countries has continued to pick up in 1988. It is estimated that the economic growth rate in the Soviet Union and Eastern European countries will stand at about four percent, compared to 2.6 percent last year. China's economy has continued to grow at a fast rate. Many socialist countries have undergone deep economic restructuring.

Economic growth in developing countries will reach 4.5 percent compared with last year.

Looking at 1989, there are three favorable factors for a steady global economic growth.

First: The coordinated efforts of various countries will be further strengthened with the increasing interdependence of the world's economy.

Due to Western countries' coordinated efforts to reduce interest rates and ease money markets, last October's stock collapse, the worst of its kind since the 1920s, has slightly affected global economic performance. Western countries will continue to coordinate their policy when confronted with a common problem.

In June, the EEC and Council for Mutual Economic Aid [as received] (COMECON) established diplomatic relations, thus opening a new stage for cooperation between the two largest economic bodies in Europe.

Furthermore, the summit meeting of the seven industrial nations held in Toronto in June basically agreed on the easing of the debt burden of the world's poorest countries. The North and South will continue their dialogue and coordination in problems concerned with each other's interests.

Second: The regionalization of the global economy and trade has been significantly enhanced.

In 1988, the EEC approved a series of resolutions in preparation for an internal unified market "without borders" in 1992. In January, the United States and Canada signed a bilateral free trade treaty which will be effect on January 1, 1989. Japan is also focusing its efforts on forming a horizontal integration of industry throughout East Asia and beyond.

Regionalization is a product of the imbalance of the world economic development, as well as of the multi-polarization of international relations.

In a short-term view, regionalization can be helpful in the development of regional economies and trade but with considerable exclusivity and protection for markets. However, over the long-term, regional economic and trade expansion can also be favorable for the development of the global economy and trade.

Third: The world situation is turning from tension to detente, thus providing a favorable international environment for global economic adjustment and reform. Many countries will concentrate their human and financial resources on developing the economy, along with science and technology.

However, there exist some unfavorable factors in the global economic development.

First: There are some unstable factors in the Western economy, the locomotive of the world economy.

The huge budget and trade deficit of the United States will not be drastically reduced in a short time. The United States will continue to use the weapon of "exchange rates" and the exchange rate of the U.S. dollar will continue to float and slide when necessary.

Trade friction among the United States, Western Europe and Japan will occur here and there due to serious trade imbalances.

With the re-emergence of inflation, Western countries may further raise interest rates.

Second: Socialist countries are facing problems in their economic reforms, such as inflation and a short supply of consumer goods.

Third: The debt problem in developing countries is still worsening. According to an estimate made by the World Bank, total debts owed by developing countries will reach 1.3 trillion dollars by the end of 1988 and prices of raw materials and oil will not recover substantially.

As a result, the economic adjustment and development in most developing countries will be stymied due to the shortage of funds and deteriorating trade conditions.

To sum up, the favorable factors in the global economic performance will play a positive role over the long term, while the unfavorable factors will affect the economic growth in the short run.

Many economists and research institutions predict that the world economic growth will slow down in 1989. The International Monetary Fund forecasts that the global economy will expand by 2.8 percent in 1989, down from 3.5 percent in 1988.

It is estimated that the United States and the EEC will cut their economic growth to 2.5 percent, while the economic growth in Japan will slip to 4.4 percent.

Now, openness has become a trend in socialist countries, but the economic expansion in these countries may slow down due to the adjustment in economic reform.

Economic growth in the Asian and Pacific regions will also reduce speed, but still maintain a reasonably high rate.

The economic situation in Africa will still be serious, while Latin America will continue to suffer from its huge debts totalling 440 billion dollars.

United States & Canada

Comparison on Li, Reagan Anniversary Messages

Beijing RENMIN RIBAO in Chinese on 16 December carries, on page 1, a XINHUA report entitled "Li Peng and Reagan Greet Each Other on the 10th Anniversary

of the Establishment of Diplomatic Relations Between China and the U.S." The RENMIN RIBAO version has been compared with the XINHUA English version published in the 16 December China DAILY REPORT on page 7, column one, under the headline "Li Peng, Reagan Exchange Anniversary Messages," and found to be identical except for the following variations:

First paragraph, only sentence, from line two, reads: ...Premier Li Peng and U.S. President Ronald Reagan hoped there would be a... (deleting words)

Same paragraph, same sentence, from penultimate line, reads: ...relations in the next decade based on the three Sino-U.S. joint communiqués. [new graf]

Li and Reagan exchanged... (picking up first line of second paragraph, adding words)

Paragraph six, from line six, reads: ...strictly abide by the five principles of peaceful coexistence. [new graf]

"It is my sincere hope that..." (picking up first line of paragraph eight, deleting words and paragraph)

Paragraph eight, only sentence, from line two, reads: ...sustained and steady development of Sino-U.S. relations. [new graf]

In his message to the... (picking up first line of paragraph nine, deleting words)

Column two, first paragraph, from last line, reads: ...but for other nations." [new graf]

Reagan hoped that the "friendship and cooperation" between the two countries would be expanded and he was deeply convinced that even greater accomplishments would be made in this respect. [new graf]

Diplomatic relations between China and the United States were established on 1 January 1979. (end of RENMIN RIBAO version, deleting paragraphs and providing variant wording)

Soviet Union

Leningrad City Delegation Visits Shanghai

Friendship Accord Signed

OW2012011788 Beijing in Russian to the USSR
1900 GMT 14 Dec 88

[Text] Our correspondent reports: An agreement on friendly relations was signed in the evening of 14 December in Shanghai between the Chinese city of Shanghai and Soviet city of Leningrad. The agreement was signed by Zhu Rongji, Shanghai city mayor, and Vladimir Khodyrev, chairman of the Leningrad Gorispolkom.

The agreement noted that both cities are convinced that the development of relations of friendship and cooperation between them serves the interests of the two cities' residents and contributes to strengthening friendship and mutual understanding between the peoples of China and the Soviet Union. It is exactly with these aims in mind and by concluding the agreement, that friendly relations between Shanghai City and Leningrad City are officially established. The agreement said that both sides agree to cooperate in the work of local government bodies and in the fields of economy, municipal construction, trade, science and technology, culture, radio, television, and sports.

After the signing of the document, the Shanghai Municipal People's Government hosted a banquet in honor of the Leningrad City delegation.

The next morning Zhu Rongji, Shanghai mayor, had a warm meeting with all members of the Leningrad City delegation headed by Chairman Khodyrev. At the meeting, Mayor Zhu Rongji expressed grief over the human loss caused by the strong earthquake in Armenia. On behalf of the residents of Leningrad, Chairman Khodyrev wished Shanghai prosperity.

Shanghai Mayor Meets Group

OW2212022588 Shanghai JIEFANG RIBAO
in Chinese 15 Dec 88 p 1

[Text] At a meeting with the Leningrad City delegation yesterday, Shanghai Mayor Zhu Rongji said that Shanghai will work together with Leningrad City to explore possibilities of strengthening cooperation in various fields between the two cities. When the Leningrad City delegation led by Khodyrev, chairman of the Executive Committee of the Leningrad City Soviet, arrived at Chunlan Hall of the Hengshan Guesthouse yesterday morning, Mayor Zhu Rongji shook hands with the Soviet comrades one by one and expressed warm welcome to them on behalf of the Shanghai Municipal People's Government and the people of Shanghai.

Zhu Rongji told Khodyrev: Shanghai and Leningrad are important industrial cities and ports of China and the Soviet Union. They have many things in common and can cooperate in many fields. It is very fortunate that Shanghai and Leningrad have been able to establish friendly relations. I am convinced that the cooperation will certainly be conducive to learning from each other's strong points to offset their own weaknesses and to promoting economic relations. Zhu Rongji also expressed deep sorrow for the victims of the recent earthquake in Soviet Armenia.

Khodyrev said that Leningrad and Shanghai have a traditional friendship. He hoped that through the establishment of friendly relations between Leningrad and Shanghai, the two cities will be able to promote exchange and cooperation in the economic, trade, and other fields.

At the meeting, Zhu Rongji presented his Soviet counterpart with a porcelain dish decorated by noted Chinese painter Zhu Qizhan.

After its meeting with Mayor Zhu Rongji, the Leningrad City delegation, accompanied by Vice Mayor Gu Chuanxun, proceeded to the Jinjiang Hotel auditorium to hold discussions with Shanghai economic and trade circles. The two sides briefed each other on economic development in their respective cities and discussed possibilities of strengthening cooperation between the two cities.

The Leningrad City delegation arrived in Shanghai on the night of 13 December and was greeted by Vice Mayor Liu Zhenyuan and responsible persons of departments concerned.

Article Reviews Qian's Visit to Soviet Union
OW1712011788 Beijing GUANGMING RIBAO
in Chinese 4 Dec 88 p 3

[Article by GUANGMING RIBAO reporter Gao Fengyi (7559 7685 0308): "An Important Visit—Notes Written After Foreign Minister Qian Qichen Concludes His Visit to the Soviet Union"]

[Text] At the invitation of Soviet Foreign Minister Shevardnadze, China's Foreign Minister Qian Qichen paid an official visit to the Soviet Union from 1 to 8 December. It is known to all that a period of friendship occurred between China and the Soviet Union, and later it was followed by an arduously tortuous road. As a result, relations between the two countries have been abnormal over a protracted period. Since the beginning of negotiations between the deputy foreign ministers of the two countries in 1982, the tense situation between China and the Soviet Union has relaxed; mutual understanding has increased, and economic and trade relations between the two countries have developed. However, the obstacles in the relations between the two countries have not been completely removed. It is for this reason that Foreign Minister Qian Qichen's visit to the Soviet Union is of great significance in helping normalize the relations between China and the Soviet Union.

During Foreign Minister Qian's visit, the foreign ministers of the two countries held three rounds of talks. Soviet leader Gorbachev met with and talked with Foreign Minister Qian Qichen at the Kremlin. During their talks, both sides earnestly and sincerely exchanged views on issues with regard to the normalization of the Sino-Soviet relations, on bilateral relations, on the international situation and on other questions of mutual concern. Through discussions, both sides had deepened their understanding of each other's stand, and gained more common ground.

On the central theme of the talks—the Cambodian issue—both sides held that the Cambodian issue should be fairly and reasonably settled as soon as possible, and

hoped that Vietnam would completely withdraw its troops at an earlier date. Both sides expressed their willingness to try hard in this regard, and further deepened mutual understanding on the Cambodian issue.

The issue of the Sino-Soviet summit meeting attracts the attention of all the world's people. During the talks, both sides held that there is a need to hold a Sino-Soviet summit meeting, and after earnest preparations, the meeting may possibly be held in the first half of 1989. It can be said that, following this visit by Qian Qichen, preparation for the Sino-Soviet summit meeting has already begun. Soviet Foreign Minister Shevardnadze's visit to China in early 1989 will be a part of the preparatory work for the summit meeting.

The establishment of fresh state relations between the two neighboring nations—China and the Soviet Union—was an important issue in the talks. The Chinese side held: Under the new historical conditions, fresh Sino-Soviet relations should be those of goodneighborliness developed on the basis of the five principles for peaceful coexistence and the economic relations built on equality and mutual benefit. The Soviet side also expressed its hope for creating an atmosphere in bilateral relations to respect each other's independence, sovereignty, territorial integrity and equal status, to refrain from interfering with each other's internal affairs and to value each other's interests, views, experiences, practices, and other principles.

It should be pointed out: A trend of replacing confrontation with dialogue has emerged in the current world. Peace and development are becoming a gigantic and irresistible historical tide in the contemporary world. Under this new situation, the normalization of relations between China and the Soviet Union not only conforms with the basic interests of the Chinese and Soviet peoples, but also benefits world peace and development.

Southeast Asia & Pacific

Newspaper Cited Claiming SRV Warships 'Flee'
HK2012125688 Hong Kong AFP in English 1243 GMT
20 Dec 88

[Text] Beijing, Dec 20 (AFP)—Vietnamese warships "flee" when they see a Chinese naval vessel around the disputed Spratly Islands, where ships from both nations clashed in March, the LIBERATION ARMY DAILY said Tuesday.

"Vietnamese military ships do not dare to defy our boats and each time they see one, they flee immediately," the military newspaper said, reporting for the first time in detail on the earlier clash in the South China Sea.

Quoting a "Commander Chen" on the incident, it said the Vietnamese had provoked the March 14 clash with insults and obscene gestures.

"They made insulting gestures at us, urinating and shouting insults at our warnings," the newspaper said.

At 8:47 a.m. (0047 GMT), it said, the Vietnamese "fired the first rounds at our service guarding the national flag."

Ten seconds later, Commander Chen gave orders to return fire. The Vietnamese ship, identified only as No. 604, caught fire and sank at 8:55 a.m. (0055 GMT) the newspaper claimed.

The incident came less than three months after China sent its first naval ships into the Spratlys, which are also claimed, in whole or in part, by Vietnam, Malaysia, the Philippines and Taiwan.

Since then China has reinforced its troop presence in the islands, which lie along strategic sea lanes between the Pacific and Indian Oceans.

XINHUA Reports on SRV Troop Withdrawal
HK2212065188 Beijing XINHUA Hong Kong Service in Chinese 0205 GMT 20 Dec 88

["Some Vietnamese Troops Pull Out From Phnom Penh"—XINHUA headline]

[Text] Beijing, 20 Dec (XINHUA)—According to foreign news agencies, on the 19th, 200 vessels carrying Vietnamese troops returned to Vietnam by way of Phnom Penh. Another 18,000 Vietnamese troops occupying Cambodia will go home by land or by water routes before the 21st.

On the 19th, the General Staff Headquarters of the Sihanoukist Army under the Democratic Kampuchean Resistance Force pointed out: Vietnam has withdrawn a large number of troops from Phnom Penh. However, these troops have not returned to their own country. They are now stationed in the jungles in provinces in northern and eastern Cambodia. Vietnam's purpose in withdrawing troops is to prevent foreign observers in Phnom Penh from discovering the actual number of Vietnamese troops.

Vietnam Announces Support for Soviet Troop Plan
OW2112194488 Beijing XINHUA in English 0739 GMT 21 Dec 88

[Text] Hanoi, December 21 (XINHUA)—Vietnam expressed support today for Soviet leader Mikhail Gorbachev's proposal to cut Soviet military forces in Europe and Mongolia.

Today's Vietnamese newspapers carried a statement from the Foreign Ministry, saying that "the Vietnamese Government and people warmly welcome and fully support new Soviet peace initiative and are firmly convinced that, together with the efforts of other nations and

peoples, the implementation of this initiative will promote the trend toward dialogue and cooperation in peaceful co-existence in the world."

Gorbachev told the UN General Assembly on December 7 that in 1989 and 1990 the Soviet Union will reduce its troop strength by 500,000 men and withdraw 50,000 troops and 5,000 tanks from Democratic Germany, Czechoslovakia, Hungary and part of its forces from Mongolia.

"This decision of major significance will strongly promote the negotiation on disarmament in Europe and create a favorable atmosphere for promoting detente in the Asian and Pacific region," the Foreign Ministry said.

Nevertheless, diplomatic observers in Hanoi are surprised at Vietnam's delayed reaction to this major diplomatic initiative by its main ally. They said Hanoi's support seems to be reluctant and hard to explain.

SRV Assembly Deputies Urge National Reform
OW2212035988 Beijing XINHUA in English 0812 GMT 21 Dec 88

[Text] Hanoi, December 21 (XINHUA)—Many deputies of the Vietnamese National Assembly strongly criticized the Council of Ministers for its weakness and mistakes in handling the economy and managing society.

The ongoing 10-day winter session of the Vietnamese National Assembly, which began on December 13, was described by the Vietnamese media as: "the liveliest in the life of this country's legislative body."

The VIETNAM NEWS AGENCY (VNA) said the deputies attributed the country's poverty and the hard life of the majority people to the low growth of the economy in proportion to the population increase, the absence of a strategic economic orientation, particularly the lack of a rational economic structure and concrete policies for the three major economic programs—food, consumer goods and exports—which were outlined by the sixth congress of the Vietnamese Communist Party two years ago.

Many deputies criticized the Council of Ministers for its "hesitant attitude toward the promulgation of many urgent policies." They asked the council to give more autonomy to local governments, VNA reported.

Vietnamese party newspaper NHAN DAN said today that many deputies demanded reform of the current policies regarding taxes, wages, grain, inflation, budget deficit and exchange rates.

The winter session of the National Assembly is scheduled to end tomorrow.

Cambodian Resistance Rejects SRV Declaration

*OW2012205788 Beijing XINHUA in English 1625 GMT
20 Dec 88*

[Text] Beijing, December 20 (XINHUA)—Vietnam has announced it will complete the withdrawal of 18,000 troops from Kampuchea between December 15 and 21 as the final part of its plan to withdraw a total of 50,000 Vietnamese troops this year.

Hanoi said that 50,000 troops still remain in Kampuchea and will leave Kampuchea by the end of 1990, and also claimed 32,000 of its troops had already been withdrawn from June to November of this year, according to reports reaching here from Hanoi today.

Meanwhile, Radio Democratic Kampuchea today quoted a statement dated December 18 from the general headquarters of the Democratic Kampuchean national army that said Vietnam's declaration of a troop withdrawal was a trick, similar to one used by Vietnam before in which the troop movement was actually a regular troop transfer. It was also claimed in the statement that Vietnamese soldiers stationed in Kampuchea are merely changing into the uniforms of the Phnom Penh puppet regime and a large number of Vietnamese troops have left cities and towns for shelter in mountain areas of Kampuchea.

Radio Democratic Kampuchea quoted the statement as saying that the facts have clearly shown Vietnam has no honest intentions of a political settlement of the Kampuchean issue.

Lao Government Trade Delegation Arrives 20 Dec

Zheng Tuobin Meets Counterpart

*OW2012184588 Beijing XINHUA in English
1114 GMT 20 Dec 88*

[Text] Beijing, December 20 (XINHUA)—Zheng Tuobin, Chinese minister of foreign economic relations and trade, met with a Lao Government trade delegation and hosted a dinner in its honor here this evening.

Both sides exchanged views on the expansion of bilateral economic and trade relations.

The Lao delegation, which arrived here earlier today, is led by Phao Bounnaphon, minister of commercial and foreign economic relations, who has been the first Lao trade minister to visit China for many years. He is expected to hold talks with Zheng during the visit and meet with Chinese Vice-Premier Yao Yilin tomorrow.

Yao Yilin Receives Lao Minister

*OW2112131988 Beijing XINHUA in English
1245 GMT 21 Dec 88*

[Text] Beijing, December 21 (XINHUA)—Chinese Vice Premier Yao Yilin said he expressed "heartfelt gladness over the restoration of economic and trade relations between China and Laos" when he met Phao Bounnaphon, minister of economy and trade of Laos, at the Great Hall of the People here this afternoon.

Yao said: "The important thing is not the volume of trade but the restoration of bilateral economic and trade ties after a period of suspension." He expressed conviction that such relations will expand in future.

Phao Bounnaphon arrived here yesterday. During his visit he will sign three trade agreements with China including a government agreement which is the first of its kind between the two countries.

Yao said to Bounnaphon that he wished the Lao visitor could learn more about China during his visit and could seek ways to further Sino-Lao trade ties.

Bounnaphon expressed thanks to China for its assistance to Laos in the past. He asked Yao to convey the regards of Kaysone Phomvihane, chairman of Council of Ministers, to Premier Li Peng and other Chinese leaders.

The Chinese vice premier also asked Bounnaphon to extend his greetings to Chairman Kaysone Phomvihane.

Lao Ambassador to China Phongsavat Boupha was present on the occasion.

This morning Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin held talks with Bounnaphon.

Trade Agreement Signed

*OW2212114488 Beijing XINHUA in English 1109 GMT
22 Dec 88*

[Text] Beijing, December 22 (XINHUA)—A trade agreement, a protocol on 1989 goods exchanges and an exchange of notes on border trade between the Governments of China and Laos were signed here this afternoon.

Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin and Lao Minister of Economy and Trade Phao Bounnaphon signed the documents on behalf of their respective governments.

The trade agreement, which is the first of its kind signed by the two countries since the establishment of their diplomatic relations in 1961, pointed out that the both sides pledge to take all possible measures to develop their

trade and will accord each other most-favoured-nation treatment as to tariff and other costs of import, export and transit goods and import and export procedures.

Border Trade Contracts Signed With Burma
OW2112014188 Beijing XINHUA in English
1618 GMT 20 Dec 88

[Text] Kunming, December 20 (XINHUA)—Southwest China's Yunnan Province and Burma recently signed exchange goods agreements totalling 430,000 U.S. dollars at Wanding City, a border town in Yunnan.

The two trade contacts were signed by Li Shilin, deputy director of the Yunnan Provincial department of Foreign Economic relations and Trade, and U tin Aung Ton, director of the Burmese Foreign Trade Department.

The exchange of goods will include [word indistinct] from Burma and toilet soap, toothpaste, detergent and milk powder from China.

The trade representatives also held discussions on the questions of commodity prices, dates of delivery, and trading ports.

Joint Cement Venture With Australia Completed
HK2012130188 Beijing CEI Database in English
20 Dec 88

[Text] Fuzhou (CEI)—A ceremony was held in Fujian Province on December 12 to mark the completion of a Sino-Australian cooperative project—the Shunchang cement plant.

A total of 48.363 million Australian dollars in mixed loans have been used in building the cement plant, including 36.763 million Australian dollars of export credits and 11.6 million Australian dollars donated by the Australian Government. The repayment term of the loans is 13 and a half years.

The plant is designed with annual production capacity of 620,000 tons of 525-type silicate cement clinker aggregate.

Since it was put into trial production on August 16, the plant has produced 21,000 tons of clinker aggregate, 18,700 tons of cement.

The plant will boost the annual cement production capacity of the province by 14 percent.

Near East & South Asia

Reportage on Continuing Rajiv Gandhi Visit

Comments on Tibet With Yang
HK2212081688 Beijing RENMIN RIBAO in Chinese
21 Dec 88 p 1

[Report by Liu Shuiming (0491 3055 2494): "Yang Shangkun Meets Gandhi"]

[Text] Beijing, 20 Dec—PRC President Yang Shangkun said that the central government in China supports the cadres of Tibetan nationality to take charge of their own affairs in Tibet and help the Tibet Autonomous Region solve financial problems and develop education and culture. He said that we respect the religious beliefs and customs and habits of the Tibetan people. They enjoy the freedom of religious belief. President Yang Shangkun said this when meeting with Indian Prime Minister Rajiv Gandhi this morning in the Great Hall of the People.

At the beginning of the meeting, President Yang first expressed welcome to Prime Minister Rajiv Gandhi's visit to China. President Yang said: China and India are both countries with rare ancient civilizations in the world, and the relationship between the two peoples and between the two governments was very good in the past. The five principles for peaceful coexistence were jointly initiated by the late Premier Zhou Enlai and the late Prime Minister Nehru. President Yang said: Sino-Indian friendship is favorable to peace and stability in Asia and in the world. The total population of China and India accounts for one-third of the world's population. The two countries should carry out friendly cooperation, learn from each other, and draw on each other's experience. As for the problems between the two countries, so long as the two sides hold frank, sincere, and friendly negotiations, solutions can eventually be found.

Prime Minister Rajiv Gandhi thanked the Chinese Government for her warm entertainment. He told President Yang that he brought with him the best wishes from the Indian people to President Yang. He said: Although both sides differ on a number of issues, they share much common ground. We both hold that the five principles for peaceful coexistence are the best principles for global development and for all mankind and that Indian-Chinese cooperation will promote peaceful coexistence worldwide.

At the meeting, Prime Minister Rajiv Gandhi once again reiterated that Tibet is an autonomous region of China, and India will not interfere in China's internal affairs. He said that during his current visit, he has held smooth talks with Chinese leaders and he is satisfied with the results of these talks. He hoped that through this visit, India and China will serve to forge bilateral cooperation in various fields.

President Yang said: This is also our hope.

Then, Chinese Vice Premier Wu Xueqian gave a luncheon for R. Gandhi and his entourage.

Meets With Deng Xiaoping

HK2212093088 Beijing RENMIN RIBAO in Chinese
22 Dec 88 p 1

[Report by Liu Shuiming (0491 3055 2494): "Deng Xiaoping Meets Gand"]

[Text] Beijing, 21 Dec—When meeting with Indian Prime Minister Rajiv Gandhi this morning in the Great Hall of the People, Deng Xiaoping, chairman of the Central Military Commission, said that the total population of China and India exceeds 1.8 billion, and accounts for more than one-third of the world's population. Our two countries share the same responsibility for mankind, and we should make use of the current peaceful international environment to develop ourselves. It is said that the next century will be an "Asia-Pacific century." It seems that the century has already come. In fact, however, a real "Asia-Pacific" century will only be realized when China, India, and other developing countries in this region are fully developed.

Deng Xiaoping told Rajiv Gandhi about his mother and his grandfather, Prime Minister Nehru's, visit to China in 1954. He said that at that time, our two countries had very good relations. "Between that time and the present, there was some unhappiness for both our sides for a fairly long period. Let us forget it! Let us have our eyes on the future." Rajiv Gandhi expressed agreement with this. He said that he hoped relations between the two countries would return to the previous state.

Deng Xiaoping also recalled: "When I visited Nepal in 1978, I met with your foreign minister, and I asked him to bring a letter to your mother. In that letter, I said: We should improve our relations, because we have no reason not to improve our relations. After that, our two countries had certain contacts. However, we really begin to improve our relations because of your current visit. So we must thank you."

Deng Xiaoping said: The five principles for peaceful coexistence jointly initiated by our two countries are principles that have stood the test of time very well. These principles are unequivocal, straightforward, and clear-cut. We recommend these principles to the international community as guiding principles for international relations. First of all, we, as the two initiators, should implement them, and jointly pursue these five principles for peaceful coexistence with our neighboring countries. Deng Xiaoping said: At present, two things should be done at the same time in the world. One is to build a new international political order, and the other is to build a new international economic order.

Prime Minister Rajiv Gandhi said: Although tensions in the world are now somewhat reduced, hegemonism and bloc politics still exist. The new international political

order should be built on the basis of the five principles for peaceful coexistence. In addition, we hold that the existing economic order is based on dependent relations, so it is an order unfavorable to developing countries. In the field of building a new international economic order, we can make joint efforts.

Rajiv Gandhi said: Differences between India and China for many years did not reduce the common ties between us. Our two countries carried out the same struggle for political independence in the past, and are now carrying out the same struggle for economic independence. China's modernization construction is a new round of great revolution.

Foreign Minister Qian Qishen, Minister of Metallurgical Industry Qi Yuanjing, and the major members of Rajiv Gandhi's entourage attended the meeting.

Further on Deng, Gandhi Talks

HK2212032388 Hong Kong SOUTH CHINA
MORNING
POST in English 22 Dec 88 p 10

[By Seth Faison in Beijing and agencies]

[Text] Indian Prime Minister Rajiv Gandhi met senior Chinese leader Deng Xiaoping yesterday and agreed to re-establish friendly relations between their countries despite persistent differences over a common border.

Calling his visit a "turning point" in Sino-Indian relations, Mr Gandhi said that the thorny and unresolved border issue would not hinder an overall warming [as published] between the two former adversaries.

"We have made a new beginning," said Mr Gandhi at a press conference, where he also announced that Chinese Premier Li Peng had accepted an invitation to visit India.

"I feel we can have a substantial improvement in our relationship without a complete solution to the border problems, but with working toward a solution in these areas," he said.

Mr Gandhi's 90-minute meeting with Mr Deng capped his historic visit, the first of its kind since his grandfather, Jawaharlal Nehru, travelled to Beijing and met Mao Tsetung in 1954.

Greeting Mr Gandhi in the Great Hall of the People, Mr Deng, who at 84 is nearly twice as old as the Indian leader, said: "Welcome, my young friend."

Mr Deng said India and China should forget past unpleasantness and look forward in future co-operation.

"Now I am of an advanced age, let's forget the unpleasantness and look forward...", he said.

"Beginning with your visit, we can restore our relationship as friends."

Mr Gandhi, speaking afterwards, said he and Mr Deng had spent most of their time discussing broad world issues such as economic inequities and the problems faced by developing countries.

Without giving away any details from his talks on the sensitive border issue, for which no timetable has been set, Mr Gandhi said simply that he agreed with the Chinese to settle the issue peacefully.

"We can't expect instant solutions," he warned.

But he said he was optimistic that a mutually acceptable solution—seen by both sides as fair and reasonable—could be found, and said the question of conceding territory has not come up.

China claims about 90,000 square kilometres of Indian land, but India rejects the claims and demands that China return the 38,000 square kilometres that it took in a 1962 war between the two countries.

"There are still so many differences (between us), I would rather not list them all out," Mr Gandhi said.

Instead, he put his accent on the positive, calling for a new world economic order without blocks of aligned nations and confrontation between them.

Mr Gandhi said that the issue of Tibet had been discussed only briefly and that there had been no talk of India acting as an intermediary between China and the Dalai Lama, Tibet's exiled leader.

The question of Kampuchea was discussed, he said, although China, which backs the anti-Vietnamese opposition, and India, which supports Vietnam, still have their differences.

China and India had agreed to open more diplomatic channels of communication, he said, including new annual talks at a ministerial level, which could be raised to the level of foreign minister where necessary.

Mr Gandhi last night also met Communist Party General Secretary Zhao Ziyang.

This morning, the Indian Prime Minister is scheduled to fly to the ancient capital of Xian. Tomorrow, he will tour Shanghai before flying home to New Delhi.

Delhi on Gandhi News Conference

BK2112131188 Delhi Domestic Service in English
1230 GMT 21 Dec 88

[Text] India and China have agreed to have annual consultations between their foreign ministers and set up a ministerial level joint committee to oversee cooperation between the two countries in various areas. This was announced by the prime minister, Mr Rajiv Gandhi, at a crowded news conference in Beijing this afternoon at the end of his 3-day intensive discussions with Chinese leaders.

Our special correspondent Manohar Takroo reports that on the all-important boundary question, the two sides have agreed to resolve it through peaceful means as the overall bilateral relations are strengthened. Meanwhile, the two countries will ensure peace and tranquillity in the common border areas.

The main thrust in the prime minister's news conference was that the two neighbors have now decided to forget the past and make a new beginning. The sentiment was also voiced by China's top leader, Mr Deng Xiaoping, earlier in the day during his meeting with Mr Rajiv Gandhi.

Replying to a question, Mr Gandhi said there are still many differences between India and China on various issues, but it has been agreed to work together in areas of common perception and expand them gradually.

He said his talks did not cover only bilateral relations, but also what India and China can do together to bring about a new world order.

Further Delhi Report

BK2112161988 Delhi Domestic Service in English
1530 GMT 21 Dec 88

[Excerpts] India and China have agreed to have annual consultations between their foreign ministers and set up a ministerial level joint committee to oversee cooperation in various areas. This was announced by the prime minister, Mr Rajiv Gandhi, at a crowded news conference in Beijing this afternoon at the end of intensive discussions with Chinese leaders. [passage omitted]

He said his talks did not cover only bilateral relations, but also what India and China can do together to bring about a new world order. This subject was particularly discussed at the talks between Mr Gandhi and Mr Deng Xiaoping.

In reply to one of the questions, Mr Gandhi said the process of normalizing Sino-Indian relations had been started in 1980 and it is independent of other developments like China's efforts to mend fences with the Soviet Union.

About Pakistan, Mr Gandhi said he thinks that progress can be made in improving relations on the basis of the Simla Agreement.

When a correspondent asked what message he is taking back for the people of India, the prime minister said: I am taking back a very positive message. We have decided to rebuild Sino-Indian friendship, start afresh, and the two big countries are looking forward to the future with tremendous hope.

Mr Gandhi said he has invited the Chinese prime minister, Mr Li Peng, to visit India and the invitation has been accepted.

The prime minister said both the countries have agreed that there is much we can learn from each other, and we intend to do so in the days to come. The two countries will be signing the first ever scientific and technological agreement and another agreement on civil aviation tomorrow. Meaningful contents to the cultural agreements will be added through a cultural exchange program.

Our Southeast Asia correspondent, Dipankar Mukhopadhyaya, reports from Beijing that during the 45-minute news conference representatives from Indian and international media mostly asked questions on the possibility of the solution of the border problem. The prime minister advised them to be patient and said that a new beginning has just been made after 30 years.

After the news conference, Mr Rajiv Gandhi met the general secretary of the Chinese Communist Party, Mr Zhao Ziyang, and joined him at dinner.

Report on Meeting With Zhao

HK2212022688 Beijing ZHONGGUO XINWEN SHE
in Chinese 1430 GMT 21 Dec 88

["Zhao Ziyang Meets and Hosts Rajiv Gandhi"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 21 Dec (ZHONGGUO XINWEN SHE)—When meeting with Indian Prime Minister Rajiv Gandhi tonight, Zhao Ziyang, general secretary of the CPC Central Committee, said that on the issues of peace and development, which are the two fundamental issues in the contemporary world, China and India basically share the same position and common interests, so the two countries should be friendly and develop cooperation.

He also said that in order to solve the issues of peace and development, it is necessary to change the old international political and economic order. Sino-Indian cooperation in the political and economic fields will make contributions to the establishment of the new international political and economic order.

Zhao Ziyang said: A tendency of detente has appeared in the present international situation, and this provides a good opportunity for the establishment of the new international political and economic order. However, the detente remains in the initial stage, and there may be twists and turns in the future. In general, however, the prospects are brighter than at any time before.

Zhao Ziyang recalled his meeting with Rajiv Gandhi in New York in October 1985. He said that over the past 3 years, Sino-Indian relations have been greatly improved. Some agreements were signed, bilateral trade increased, and people-to-people contacts also expanded. China is glad to see all this.

Rajiv Gandhi told Zhao Ziyang that the talks during his current visit were satisfactory. In particular, he held extensive and deepgoing talks with Premier Li Peng, and had a good meeting with Deng Xiaoping. The ideas expressed by Chairman Deng were very similar to India's ideas. Some problems and difficulties were also mentioned in the talks, but the good atmosphere and sincere attitude of the talks were more important than the words uttered in the talks.

Rajiv Gandhi said: Chairman Deng Xiaoping's talk about the establishment of a new international political and economic order is significant. He said that it is impossible to make breakthroughs under the existing political order, and a new order must be built. The five principles for peaceful coexistence should be used to replace the existing political order. The existing economic order is unfair and unreasonable, and only with the old economic order being changed can the new political order be established. Chairman Deng's ideas were basically the same as the ideas held by India.

Rajiv said that India is highly interested in China's modernization process and the policies adopted by China for advancing modernization, and India will learn new experience from China.

After the meeting, Zhao Ziyang gave a banquet in honor of Rajiv Gandhi and his wife. The meeting and banquet were held at the Diaoyutai State Guesthouse.

More on Zhao, Gandhi Comments

HK2212084088 Beijing RENMIN RIBAO in Chinese
22 Dec 88 p 1

[Report by Liu Shuiming (0491 3055 2494): "Zhao Ziyang Meets Gandhi"]

[Text] Beijing, 21 Dec—This evening, at a meeting with Indian Prime Minister Rajiv Gandhi at the Diaoyutai State Guesthouse, Zhao Ziyang, general secretary of the CPC Central Committee, said: Over the past 3 years, Sino-Indian relations have improved a great deal, their trade has been developing, and nongovernmental exchanges have increased. We are very happy with all this.

At the beginning of the meeting, Zhao recalled with pleasure: In October 1985, we met in New York. I believe that the prime minister's current visit will give further impetus to improving the relations between China and India.

Zhao Ziyang said: China and India are neighboring countries and they are also the two developing countries with the largest populations in the world. On the fundamental questions of peace and development, we share a roughly identical stand and some common interests. We can learn from each other and should get along well with each other and develop our cooperation.

Prime Minister R. Gandhi said: During this visit, we have held some excellent talks, particularly the comprehensive and in-depth talks with Premier Li Peng. My meeting with Chairman Deng Xiaoping was very good, too. During the talks, we touched on some problems and difficulties. However, the talks were held in a frank atmosphere. He suggested that attitude is far more important than "the use of words."

Commenting on the question of establishing a new international political order and a new international economic order, Prime Minister R. Gandhi said: Chairman Deng's basic ideas are not very different from ours. The five principles of peaceful coexistence were jointly put forward by India and China. We should replace the existing international political order by applying these principles.

Zhao Ziyang said: The current international trend toward relaxation has provided us with excellent opportunities for establishing a new international political order and a new international economic order.

Three Agreements Signed

OW2212072988 Beijing XINHUA in English 0704 GMT 22 Dec 88

[Text] Beijing, December 22 (XINHUA)—The Governments of China and India signed three agreements here today.

The agreements cover civil air transport, cooperation on science and technology, and executive program for 1988, 1989 and 1990 under the cultural agreement.

Chinese Premier Li Peng and the visiting Indian Prime Minister Rajiv Gandhi attended the signing ceremony.

After the ceremony, Li bid Gandhi farewell at the Diaoyutai State Guest House.

Gandhi and his party, accompanied by Chinese Minister of Metallurgical Industry Qi Yuanjing, left here by special plane for Xian this afternoon.

More on Cooperation Agreements

HK2212144888 Beijing ZHONGGUO XINWEN SHE in Chinese 1336 GMT 22 Dec 88

["China Signs Three Cooperation Agreements With India"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 22 Dec (ZHONGGUO XINWEN SHE)—Today, the Chinese and Indian Governments signed three cooperation agreements in Beijing. They are a civil air transport agreement between the Chinese and Indian Governments, a scientific and technical cooperation agreement, and a cultural cooperation agreement in addition to the executive programs for 1988, 1989, and 1990.

Li Peng and R. Gandhi were present at the signing ceremony. While the civil air transport agreement between the Chinese and Indian Governments was being signed, Li Peng, pointing a finger at the signing officials, said to Gandhi: They are the most important persons. R. Gandhi said: There is a long road between us; "they are trying to shorten it." Li Peng said: "In the past, it took Monk Tripitaka [Monk Xuan Zhuang] 3 years to go to India to fetch the Buddhist scriptures. Now, with their help, we do it in 5 hours."

After the signing ceremony, Li Peng and his wife bid farewell to R. Gandhi and his wife. Li Peng said to R. Gandhi: Hope to see you.... Gandhi finished the sentence by saying: In India.

R. Gandhi flew to Xian this afternoon to visit the Qin terracotta figures museum. He will also visit Shanghai.

Accord on Border Group Signed

BK2212032588 Delhi Domestic Service in English 0240 GMT 22 Dec 88

[Text] India and China have decided to set up a joint working group on the border question. It will be chaired by the foreign secretary, from the Indian side, and the vice minister, from the Chinese side. It will have two functions: one of them is to make concrete recommendations for an overall solution of the border question within a definite timeframe; the second functioning of the working group is to maintain peace and tranquillity on the borders.

The AIR [All-India Radio] special correspondent, Harish Segon, reports from Beijing that the decision to set up a joint working group on the border question can be described as a major breakthrough in negotiations between the two countries and a major outcome of the prime minister's visit to China.

The prime minister, at his press conference yesterday, had called for a mutually acceptable solution to the border issue, which should be fair and reasonable to both the countries.

The two countries have concluded an intergovernmental civil air transport agreement and an agreement on cooperation in the field of science and technology. They agreed in principle to establish direct air links between New Delhi and Beijing. The other agreement calls for interaction between the scientific communities and institutions of both the countries and envisages the setting up of a joint committee which will meet at regular intervals.

Our Southeast Asia correspondent, Dipanker Mukhopadhyay, reports from Beijing that a three-year, bilateral cultural exchange program was also signed today. This followed the cultural agreement signed between the two countries in May this year. The program covers the exchange of dance and music troupes, artists, writers, journalists, holding of film weeks, exchange of students and scholars and translation and publication of literature. The agreements were signed this morning by the secretaries of the Ministry of Tourism and Civil Aviation, Department of Science and Technology, and Department of Culture and their Chinese counterparts. Mr Rajiv Gandhi and the Chinese premier, Mr Li Peng, were present at the signing ceremony.

Mr Rajiv Gandhi, yesterday, met the Chinese leader, Mr Deng Xiaoping, and the general secretary of the Communist Party, Mr Zhao Ziyang, separately. They discussed the present international economic and political order. Our correspondent reports that the prime minister and the Indian delegation are scheduled to leave the Chinese capital for Xian this morning to visit the famous Greater Wild Goose Pagoda, Shaanxi provincial museum, and the museum of terracotta warriors.

Pakistan's Bhutto To Visit in 'Near Future'
*OW2112192588 Beijing XINHUA in English 0724 GMT
21 Dec 88*

[Text] Islamabad, December 21 (XINHUA)—Pakistan Prime Minister Benazir Bhutto will most probably undertake her visit to Saudi Arabia in the second week of January next year, according to a senior Pakistan official.

Talking to newsmen last night at Islamabad Airport soon after his arrival from Saudi Arabia, Khan Bahadur Khan, minister of state for religious affairs, said Saudi Arabia has extended an invitation to Benazir for an early visit to that country.

He also said he has brought the messages of congratulations from Saudi high-ups for the prime minister of Pakistan.

The Saudi Government has assured that change of government in Pakistan will not affect existing strong mutual cordial ties between the two Muslim countries, the minister said.

The Saudi Government will accord a red-carpet welcome to Benazir when she visits the Holy Land next month, he said.

Benazir Bhutto, who assumed the office of prime minister of Pakistan on December 2, will also visit China and the United States in the near future at the invitation of the governments of the two countries.

Anniversary of Relations With Algeria Marked
*OW2012123988 Beijing XINHUA in English 0642 GMT
20 Dec 88*

[Text] Algiers, December 19 (XINHUA)—The 30th anniversary of diplomatic relations between China and Algeria will be celebrated tomorrow.

The People's Republic of China opened ties with the interim government of the Algerian Republic during the Algerian war for independence against the French.

After the Algerian proclamation of independence in 1962, late Premier Zhou Enlai and late Foreign Minister Chen Yi went on the first of many visits to Algeria.

The Algerian Government renamed the Avenue de Jonart, named for a colonialist, the "Avenue of Peking" in their honor.

Almost every year since 1962, the two countries have sent delegations to participate in each other's national holidays.

Algerian President Chadli Bendjedid, then commander of the military region of Constantine, first visited China in 1963 as the head of a military delegation.

In recent years, high-level visits between the two countries have increased. Bendjedid's 1983 visit to China and then Premier Zhao Ziyang's Algerian trip afterward helped consolidate friendly relations.

Economic and trade relations have also continuously increased between China and Algeria, with the commercial trade volume reaching a record 170 million U.S. dollars in 1982.

Economic and technical cooperation have increased in recent years, particularly in the fields of hydraulics, public works, light industry and public health.

China and Algeria are now both faced with the same task of effecting economic reforms and will benefit from increased cooperation.

XINHUA Commentary on Israeli Situation
*OW2012183688 Beijing XINHUA in English 0708 GMT
20 Dec 88*

["Commentary: Israel in an Unprecedented Awkward Predicament (by Zhao Zhong)"]—XINHUA headline]

Text] Cairo, December 19 (XINHUA)—It is disappointing that at the present time, when prospects for peace in the Middle East are at their highest, Israel should find itself isolated from the entire world, because of its refusal to sit down with the Palestine Liberation Organization in a free and open dialogue for peace.

Up until the end of last month, when the United Nations' General Assembly was passing a resolution denouncing the United States for denying an entry visa to PLO leader Yasir 'Arafat, Israel still had a single "companion" in the United States when they both cast the only negative votes.

However, for the first time since its founding in 1948, Israel was cast in the role of a "loner" when on December 14, the United States decided to engage in a dialogue with the PLO.

Israeli Prime Minister Yitzhaq Shamir acknowledged that the United States' decision "gave a blow to Israel," and Israeli Foreign Minister Shimon Perez called December 14 "a sad day."

Meanwhile, many countries are urging Israel not to be incorrigibly obstinate in opposing the Palestinian people.

Moreover, the Israeli suppression of the uprisings in the occupied territories not only failed to intimidate the Palestinian people, but also intensified its internal differences. For one year now, the Palestinian people in the occupied lands have been making unremitting efforts to fight Israel, through 300 of them have been killed and several thousands have been wounded.

Before the parliamentary elections, both the Likud Bloc and the Labor Party were confident enough to claim that they would win sufficient seats to form a cabinet by themselves. After the results were released, however, the two failed to gain the legally required minimum of 61 seats to form a cabinet. The Labor Party and the Likud Bloc gained seven and three less seats respectively, than what they won in the previous parliamentary election.

This reflects the Israeli people's dissatisfaction with both [word indistinct] and in particular, with their failure to adopt a practical stand toward the Palestinian issue. For this reason, the Israeli people have been unable to live in peace for a long time.

Now the new coalition cabinet has already been formed and the unavoidable problem it faces is how to handle the Palestinian issue. As put by Ran Cohen, a Knesset member representing the Liberal Citizens Right Movement, "Israel is at a crossroad between war and peace. The government must decide now."

He warned that "the Palestinian uprising and the prospects for war will both grow if the government stands by its position (of opposing talks with the PLO)."

In addition, the Palestinian people's uprisings have surely increased economic difficulties for Israel. For example, this year, the Israeli inflation rate has increased, while its tourism income has dropped. Its export value has gone down and its trade deficit in October and December this year have increased 63 per cent over the same period of last year.

According to a document issued by the Israeli Ministry of Labor and Social Affairs, Israel's economy can be expected to slow down, while unemployment is sure to rise. The unemployment rate has risen from 5.6 percent in the fourth season of last year, to 6.9 in the third season of this year. And in December this year, the rate has already risen to 7.2 percent.

Though just half of this fiscal year has passed, the Israeli Ministry of Finance has already considered asking the cabinet to add 620 million U.S. dollars to the budget, half of which is for support of the army in the suppressing uprisings in the occupied lands.

Meanwhile various contradictions inside Israel are intensifying, such as the contradiction between the left wing, which upholds exchanging the occupied lands for peace, and the right wing, which supports a policy of suppression, the contradiction between the secular and the religious, the contradiction between the extreme religious parties and the reformist religious parties, and the contradiction between east Jews and west Jews.

All this poses gloomy prospects for Israel. It seems that the only way for Israel to extricate itself out of this predicament is to solve the Palestinian issue through peaceful means, to acknowledge the national right of the Palestinian people, to accept the reality of coexistence, to join the Middle East peace process, and to solve early the Arab-Israel conflict through political consultations with the PLO.

A wait-and-see attitude is needed to find where Israel will go. The U.S. ambassador to the United Nations, Vernon Walters, once said in a comment on Shamir's refusal to talk with the PLO: "There is an old French proverb that says: Never say I will not drink from that fountain. Someday you may get thirsty enough you may have to."

China Launches Fourth Communications Satellite
HK2212142888 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1413 GMT 22 Dec 88

[Text] Beijing, 22 Dec (ZHONGGUO TONGXUN SHE)—China successfully launched a new communications satellite at 2040 this evening from the Xichang Satellite Launching Center.

This communications satellite launched by "Changzheng No 3" rocket is the fourth communications satellite launched by China so far.

This is also the 25th satellite launched by China since 1970. To date, China has launched 4 communications satellites, 11 retrievable satellites, 1 meteorological satellite, and 9 satellites of other models.

Li Peng Hails Launching

OW2212150188 Beijing Television Service in Mandarin 1400 GMT 22 Dec 88

[From the "Night News" program]

[Text] We have just received the latest news: China's satellite launching center in Xichang once again successfully launched a communication satellite at 2040 Beijing time on 22 December. This satellite was sent into its elliptical orbit by a Changzheng [Long March]-3 carrier rocket. This satellite is of the same model as the communication satellite which was launched on 7 March this year. Right now, all the instruments on the satellite are functioning normally. The satellite telemetering and control center in Xian is now telemetering and telecontrolling this satellite.

Premier Li Peng went to the launching center to watch the launching of the satellite and congratulated all the personnel who have developed and launched it.

Further Details on Launch

HK2212160288 Beijing XINHUA Hong Kong Service in Chinese 1517 GMT 22 Dec

[Report: "China Successfully Launches Another Practical Communications Satellite"—XINHUA headline]

[Text] Beijing, 22 Dec (XINHUA)—On 22 December at 2040 Beijing time, China's Xichang Satellite Launching Center successfully launched another practical-purpose communications satellite [shi yong tong xin wei xing 1395 3938 6639 0207 5998 2502]. It was put into an elliptical orbit using a "Changzheng No 3" carrier rocket.

This communications satellite is of the same type as that launched on 7 March this year. At present the equipment aboard the satellite is working properly. The Xian Satellite Tracking and Control Center is carrying out remote tracking and remote control of this satellite.

Premier of the State Council Li Peng, Deputy Secretaries General of the Central Military Commission Hong Xuezhong and Liu Huaqing, and the responsible persons from the relevant ministries and commissions under the State Council watched the launch at the Xichang Satellite Launching Center. After the successful launch Premier Li Peng, on behalf of the CPC Central Committee and the State Council, warmly congratulated and extended regards to the PLA commanders and fighters, technical experts, cadres, and workers involved in the development, building, and launching of this satellite and encouraged them to continue to work hard and try earnestly to make the positioning of the satellite a success.

Representatives from the U.S., French, FRG, Pakistani, Iranian, Australian, Brazilian, and Hong Kong Government departments and companies also watched the launch at the Xichang Satellite Launching Center. That was the first time the center had made public the entire process of a communications satellite launch.

Contacts on Talks With Dalai Lama Continue

HK2212064688 Hong Kong AFP in English 0624 GMT 22 Dec 88

[By Pierre-Antoine Donnet]

[Text] Beijing, Dec 22 (AFP)—China is pursuing contacts to prepare talks next month with Tibet's exiled spiritual leader Dalai Lama, while Lhasa remains tense 12 days after Chinese police fired into a crowd of independence demonstrators.

A Chinese Government spokesman said Thursday that China was pursuing talks in New Delhi with the Dalai Lama's staff for formal talks next month in Geneva on the future of Tibet.

"The problem is still being discussed. It is impossible to set a date (for the Geneva talks) before the current discussions are over," said Ren Yinong, spokesman for the Committee for National Minorities.

Posters calling for Tibetan independence reading "Freedom for Tibet," "Long live the Dalai Lama," and "Chinese quit Tibet" are pasted daily on the walls of public buildings or in public toilets in Lhasa, a well-placed Chinese source said Thursday.

A large number of armed police carrying walkie-talkies patrol the streets of the Tibetan capital by motorcycle in what are seen as intimidation tactics to discourage any new demonstrations, the source said.

Mr. Ren indicated that China had not agreed to the delegation proposed by the Dalai Lama for the Geneva talks which included members of the Kashag, Tibet's government in exile in India established in 1959 after a failed anti-Chinese uprising in Lhasa.

"The Chinese Government will negotiate only with the Dalai Lama or his representatives but not with the so-called government in exile," he said. "China has pursued active measures to negotiate with the Dalai Lama. I hope these negotiations will be successful," he added.

At least four lamas (Tibetan monks) and one civilian were killed and 20 injured on December 10 when Chinese security forces opened fire directly into a crowd of demonstrators who had gathered at the Jokhang Temple in central Lhasa, according to the Chinese source who quoted residents of the capital.

The Chinese press said one lama had been killed and 13 people injured. Foreign witnesses reported between two and 12 dead.

"The situation is tense and new acts of violence could erupt at any moment," according to the source, who asked to remain anonymous.

The fact that the Chinese police fired into the crowd with automatic weapons has given rise to intense anger and disgust in the Tibetan population in Lhasa which led to a second demonstration the next day by women, the source said.

In the morning of December 11 women, young girls, and Tibetan Buddhist nuns gathered at the Jokhang Temple, Tibetan Buddhism's most sacred temple. The brief demonstration was held without intervention by police, the source said.

A separate Chinese source said that the Chinese Government was preparing to hold in Beijing a "special meeting on Tibet" bringing together Lhasa's top leaders, Tibet's new communist party head Hu Jintao and Yan Mingfu, one of the four members of the Chinese Communist Party secretariat.

Indian Prime Minister Rajiv Gandhi discussed the Tibetan issue with Chinese officials after arriving in Beijing Monday for an official visit. He reaffirmed India's view that Tibet is Chinese territory and that New Delhi will not interfere in China's internal affairs.

The Dalai Lama is accepted in India as a religious figure, but not as the representative of a government in exile.

The December 10 incident, the third of its kind in 14 months in Lhasa, led to an unprecedented demonstration Sunday by about 70 Tibetan students in Beijing shouting slogans: "Respect for human rights in Tibet" and "Peace for Tibet."

Editorial Marks '10 Great Years' of Reform

HK2212051088 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 22 Dec 88 p 1

[Editorial: "The Great 10 Years"]

[Text] Ten years ago today, the 3d Plenary Session of the 11th CPC Central Committee ended in Beijing. This meeting signaled that China's history had entered a new period. In this new period, the guideline of "taking class struggle as the key link" has been terminated, and the focus of the whole party's work has shifted to the construction of socialist modernization. This is a new period of emancipating people's minds, seeking truth from facts, maintaining unity, and looking to the future, and is a new period of reform, opening up, and building socialism with Chinese characteristics.

When reviewing the course we have traversed in the past 10 years, we may find how big are the strides forward we have made! The "leftist" mental shackles which were placed on our minds for a long time have been smashed, and the Marxist ideological line of seeking truth from facts has guided us to correctly analyze China's national conditions and fully realize that our country is still situated in the initial stage of socialism. A series of guiding principles and policies has been formulated according to our actual conditions. The hundreds of millions of Chinese people have participated with great enthusiasm in the high tide of reform in the cities and in the countryside. One after another reform plan has been turned into colorful practice in people's lives. Socialist commodity economy is vigorously developing with irresistible momentum. The livelihood of the overwhelming majority of the 1 billion Chinese people has been improved. The tasks in the first stage of our country's economic development strategy have been basically fulfilled. Socialist democracy and the socialist legal system have been developed to an unprecedentedly high level. A new situation has been created in the building of socialist spiritual civilization. The national ethos has been greatly emancipated. China is rising in the East of the world with a new and open image full of vigor. This is acknowledged by the whole world. Even comrades who were comparatively open-minded 10 years ago could not have expected huge changes and developments such as have occurred in the past 10 years.

The achievements we have made in the past 10 years are remarkable; the course we have traversed in the past 10 years is unforgettable; and the experience we have gained in the past 10 years is valuable. The material results we have achieved in the past 10 years have laid a good foundation for our future development, and the spiritual wealth we have accumulated in the past 10 years can be used as reliable reference for our continuing development.

The experience of the past 10 years tells us that the correct line, principles, and policies that can bring huge benefit to the people of all nationalities in our country do

not come from the existing model of another country, nor from the prophecy of any person of foresight, and that they can only come from practice and from the realistic attitude of seeking truth from facts and linking theory with practice. We must always firmly adhere to this ideological line.

The experience of the past 10 years tells us that to make our country prosperous and powerful and to make our people wealthy, we cannot at all rely on the "key link of class struggle" or high-sounding promises; instead, the most reliable way is to concentrate on economic construction and steadily develop the economy through down-to-earth work. We must take the development of productive forces as the basic criterion, focus our work on economic construction, and greatly develop socialist commodity economy.

The experience of the past 10 years tells us that some closed and ossified systems in socialist society have become obstacles to the development of productive forces, and that the vigor of socialism must be strengthened through reform and opening up. The four cardinal principles form the foundation for building our state and must be maintained; while reform and opening up represent our general policy and we must not waver in this respect. Reform and opening up bring new contents of the times to the four cardinal principles, and they provide the only way for us to realize the four modernizations and regenerate China.

The experience of the past 10 years tells us that a stable and united political situation, a democratic and open political atmosphere, and a positive and vigorous mental attitude on the part of the people are indispensable conditions for realizing the four modernizations and overcoming difficulties. We must greatly develop socialist democracy, perfect the socialist legal system, strengthen the building of socialist spiritual civilization, and firmly maintain the stable and united political situation.

The experience of the past 10 years also tells us that the ruling party will face more stern tests under the new situation in which reform, opening up, and the commodity economy are developing day-by-day. Only by maintaining incorruptibility and not seeking private gain can the party and the government greatly increase their rallying force and influence and ensure the smooth implementation of correct principles and policies. Therefore we must strictly enforce party and administrative discipline and effectively consolidate party organizations.

The above points are our main experience, which has been summarized into the basic line for our party to build socialism with Chinese characteristics in the initial stage of socialism. This is the basic reason for the huge changes in the past 10 years, and is the correct guideline

for our continuing triumphant advances in the future. In any circumstances, we must firmly adhere to this basic line and resolutely put it into practice.

While making great achievements and gaining valuable experience, we have also encountered many difficulties and problems in the course of our advance. The prominent problem at present is the appearance of obvious inflation in our economic life and excessive price rises. To cope with this problem, the 3d Plenary Session of the 13th CPC Central Committee put forward the task of improving the economic environment, rectifying the economic order, and deepening the reforms in an all-round way. The State Council has also worked out a series of measures and regulations for implementing this policy. However, we should still soberly notice that it is no easy task to overcome the overheated economic condition, or excessive social demand as compared with available supply, which is the fundamental reason for the current inflation and price rises. We have just begun to improve the economic environment and rectify the economic order, and the task in this respect remains arduous.

Due to the existence of difficulties and problems, the masses and cadres make various comments or even grumble about this, but they still firmly believe that the general orientation of reform is correct, and that the results of reform are mainly positive. Reform has brought benefits to the overwhelming majority of the people throughout the country. Today, no one can imagine a return from the current planned commodity economy to the previous planned economy based on a high degree of centralization, or a return from the current economic pattern with multiple economic elements and with public ownership as the main body to the previous economic pattern with exclusive public ownership, or a return from the current household responsibility system based on output contracts to the previous "big pot" system. No one would raise such a proposal. History has advanced to this stage, and there can be no retrogression, and no one is allowed to regress.

Reform represents an historical trend and represents the wishes of the people. This is why we never vacillate in advancing reform. At the 3d Plenary Session of the 13th CPC Central Committee, Comrade Zhao Ziyang quoted remarks by Comrade Deng Xiaoping: During these years, we have taken the right road, and it is now time to sum up our experience. So, Comrade Zhao Ziyang added, the orientation of reform must be firmly maintained, but the steps and methods should be adjusted according to the current situation and made more prudent and feasible. Of course, it is never easy to achieve this purpose. However, as long as the whole party can unify thinking and action and can unite the masses to work with one heart and one mind, we will be able to surmount all difficulties. The masses are the beneficiaries of reform, and they are also supporters of reform and participants in reform. In the course of participating in reform, the masses also enhance their understanding of

reform and increase their capacity to endure when facing the impact of reform. It is more important that the 40 million Communist Party members, especially the party cadres in various leading posts at all levels, boost their spirit, and implement in an exemplary way the measures and regulations laid down by the party Central Committee and the State Council. All orders and prohibitions must be strictly carried out. They should set an example in maintaining incorrupt government, and resolutely struggle against various corrupt phenomena. Only thus can we do an effective job in improving the economic environment, rectifying the economic order, and deepening all-around reforms.

Through reform in the past 10 years, we have made a great many unexpected achievements, and, at the same time, we have also encountered many unexpected severe problems. Reform is indeed a great cause which is also very arduous and complicated. This has been demonstrated by our own experience as well as the experience of other socialist countries. Now we are soberly aware of this and are also full of confidence in our future and inevitable victory. We have every reason to expect that we will be able to more proudly declare, when marking the 20th anniversary of the third plenary session in 10 years by the end of this century, that this generation of Chinese communists and Chinese people has successfully fulfilled its heavy historic mission.

Decade of Hard Work Overcomes Dogmatism, Rigidity
OW2212021888 Beijing GUANGMING RIBAO
in Chinese 5 Dec 88 p 1

[Article by Zeng Yanxiu (2582 1750 0208) in "The Past Decade as I See It" column entitled: "An Extraordinary Decade of Hard Work—We Have at Last Freed Ourselves From Dogmatism and Rigid Patterns"]

[Text] In the middle of the 19th century, Marx and Engels formally founded a theory of scientific socialism. This theory system proved, mainly on the strength of science and not on the basis of the best of intentions, that the private ownership of capitalism is doomed and will certainly be replaced by socialist public ownership. However, they basically did not envisage what a future socialist society would be like. Even when they did occasionally, they would just mention some principles very vaguely.

During the first 3 or 4 years after the October Revolution, Lenin was busy defeating the armed intervention by the imperialists. In 1921, he changed the system of "war-time communism" into "new economic policy," and coping with the crisis of hunger and death became the overriding task. As a matter of fact, Lenin did not leave a systematic theory or plan for building socialism. It would be completely unscientific if we exaggerate at will these three teachers' views in this regard.

I am saying the above for only one purpose, that is, to dispel a gross misconception from many comrades' minds. Oftentimes they erroneously believe that Marx, Engels, and Lenin had already drawn up a whole set of theories and a plan to build socialism and that they are exactly what later came to be known as the Stalinist model. On the contrary, nothing can be further from the truth.

However, Marx, Engels, and Lenin did pay special attention to one fundamental question, that is, the fundamental key to the transition to socialism lies in continuously increasing social productive forces. In the past 10 years, Comrade Deng Xiaoping and the party Central Committee have particularly stressed this point. They have restored and developed the most glorious part of truth in the thought of Marx, Engels, and Lenin.

The model for building socialism adopted by Stalin for 30 years was on the whole his own invention. However, we must understand that he was groping his way forward in difficult circumstances. Creation is a process of groping forward. Making mistakes is inevitable, even big mistakes, while groping forward. In this sense, I think we should not excessively condemn the mistakes Stalin made in building his country.

Volumes could be written on the subject of "the Stalinist model." As I see it, its major points could be summed up as follows:

First, the system of "planned economy" and management, in which power was absolutely concentrated (which crop and how much of it should a collective grow is decided by higher-ups). Consequently, all kinds of mistakes such as subjectivism, commandism, and bureaucratism that suppress people's enthusiasm grew dangerously just like cancer cells.

Second, concentrating on developing heavy industry at the expense of agriculture, light industry, and the consumer industry led to prolonged imbalance of the national economy and shortages of consumer goods.

Third, under the elaborate pretense that construction capital came from inner accumulation, a fanciful theory was devised to the effect that construction capital was to be accumulated through "thriftiness." If there was nothing at all to begin with, how could a socialist society be created through "thriftiness"? It is, in fact, a fig leaf for taking things away from the peasants. This method essentially runs counter to the thoughts of Marx, Engels, and Lenin.

Fourth, instead of actively promoting productive forces, undue emphasis was placed on transforming and "upgrading" the ownership system of means of production, believing this is what socialization is all about. Therefore, it is hard to imagine the losses caused by the comprehensive collectivization of agriculture, which was forcefully implemented during the late 1920's and early

1930's when conditions were far from mature. In his conversation with Churchill during World War II, Stalin was "quoted by Medvedev (his party membership has been resumed now), the author of "Let History Judge," as saying that the great crisis of the famine in the early 1930's was more dangerous than that of the worst moment during Hitler's invasion.

Fifth, in the 1930's, Stalin actually was taking an out-and-out line of "taking class struggle as the key link." He continuously stepped up suppression at home; for a long time the nation was filled with an atmosphere of terror, and the enthusiasm of the masses of cadres and the people was far from aroused. If Stalin had had a little bit of democratic spirit and not applied so much force on internal suppression, he might have achieved a success several times greater than what he did achieve.

We have also achieved great success in building socialism, and we suffered a lot, too. On top of the Stalinist dogmas and patterns, we added some of our own dogmas and rigid patterns. Consequently, we made more detours and suffered greater losses (For example, "The Great Leap Forward" and "The Great Cultural Revolution") than the losses caused by Stalin to the Soviet Union. It took us nearly 40 years; in fact only 10 years after the third plenary session of the CPC Central Committee, to create the great, clear-headed, and pragmatic theoretical system of "the initial stage phase of socialism." This must be called a great theory and daring breakthrough in practice. If we still burden ourselves with the heavy cross of domestic and foreign dogmatism and rigid patterns, we will not be able to achieve much in another 40 years. I believe that freeing ourselves from these two shackles is the fundamental guarantee for speeding up our advance.

Yu Guangyun Views 10 Years of Reform
HK2112014188 Beijing RENMIN RIBAO in Chinese
16 Dec 88 p 6

[Article by Yu Guangyuan (0060 0342 6678): "A Great Beginning—Commemorating the 10th Anniversary of Socialist Structural Reform in China"—An article written by the author of collected works entitled "The Moment of Sudden Waking Up" published by the Chinese and Foreign Cultural Publishing Company in commemoration of the 3d Plenary Session of the 11th CPC Central Committee. When this article was published by our newspaper, it was slightly abridged by the author.]

[Text] Historical Meetings Marking the Great Beginning of Socialist Structural Reform

The successful closing of the 3d Plenary Session of the 11th CPC Central Committee and the central work meeting held before the 3d plenary session, divided the socialist initial stage into two phases. Before the 3d plenary session and the central work meeting was the first phase of the socialist initial stage. In the first phase, objective history had already concluded the transitional period and entered into a socialist society. However, as

far as our subjective guidance thinking was concerned we continued to implement the line and policy of the "transitional period." After the 3d plenary session and central work meeting the second phase arrived, namely the current stage of the socialist initial stage characterized by the implementation of socialist structural reform.

The 3d plenary session and the central work meeting marked the beginning of the great historical movement of socialist structural reform in China.

The fact that the two meetings are regarded as the beginning of the great reform was determined by the specific historical process in our country. If we had failed to basically complete the socialist transformation of the private ownership of the means of production; if we had not committed the serious "leftist" mistakes during a period of 22 years from 1957 to 1978; if the 10 years of the "Great Cultural Revolution" had not occurred in China; if our socialist economy had developed smoothly rather than stagnating for a long time; if our people had failed to carry out struggles such as the "5 April" movement and others which led to the victory of the struggle to smash the "gang of four"; if revolutionaries such as Deng Xiaoping, Chen Yun and others, who enjoy lofty prestige inside the party, had not participated in the work of the party Central Committee; if a large number of responsible cadres who were persecuted during the "Great Cultural Revolution" had not been "emancipated" so that the composition of the participants of the central meetings were greatly changed, the two meetings would not have become the starting point of socialist structural reform.

We should say that the success of the two meetings was determined by the specific historical process in our country from the second half of the 1950's to 1978. The two meetings reviewed and summed up the historical experience and lessons of the past 20 years or so. The conclusion was: "To realize the four modernizations and increase our productive forces by a wide margin, we should inevitably change in various aspects, production relations and superstructure which do not correspond with the development of productive forces, change all unsuitable methods for management, activities and thinking. Therefore, we are carrying out an extensive and profound revolution." This is how the communique of the 3d Plenary Session of the 11th CPC Central Committee expounded the necessity of carrying out socialist structural reform in our country.

It should be pointed out that the two meetings not only stressed in both principle and theories the necessity of the revolution, but also more specifically emphasized the key issue in socialist economic structural reform: We must change the rigid socialist economic structure basically copied from the Soviet Union after the founding of New China. The communique of the 3d Plenary Session of the 11th CPC Central Committee reads: "The session points out: One of the serious defects in our economic

management system is the overconcentration of power. We must be bold in delegating our power in a guided way to the lower levels, so that localities and industrial and agricultural enterprises have more decisionmaking power in operations under the guidance of the unified planning of the state. We must make vigorous efforts to streamline economic and administrative organs at all levels, and transfer most of their functions and powers to specialized companies or joint companies which are of an enterprise nature. We must resolutely go about things in accordance with the economic law. We must attach importance to the role of the law of value. We must pay attention to integrating ideological and political work with economic means, and to fully arousing the enthusiasm of cadres and laborers in production." This is the important conclusion drawn up after reviewing and summing up historical experience and lessons.

Socialist structural reform is not an isolated phenomenon in our country. At present, various socialist countries in the world are facing the problem of structural reform. The occurrence of reform has its roots in world history. Of course, when socialist countries were fighting for the victory of socialism, people only knew about the basic socialist system which they intended to build. They did not know, and it was impossible for them to know, what kind of specific socialist system (namely socialist structure) they must build after the victory of the revolution; one which would conform with the level of productive forces in the countries concerned, and promote the development of social productive forces most effectively. Therefore, the socialist system they built could only be one which formed naturally during the revolution. It was only natural that the system did not effectively conform to the development of social productive forces in various countries. Eventually, these countries could not but call for general reform with the aim of changing their existing structure into a new structure designed in accordance with the richer experience of socialist construction.

The reform in our country began with the two meetings held at the end of 1978. Some countries may have started their reform earlier, some in the same year, and some later than ours; some countries have not yet started their reform. Of course, it is not a coincidence that almost all socialist countries are carrying out reform. This kind of reform could not generally have been started in the 1950's or earlier. At that time, the whole world was experiencing wars and revolution. Capitalist society was in a difficult period, whereas socialist society was in the momentum of vigorous development. People in socialist societies felt good. Under such circumstances, although some men of insight in socialist countries discovered serious defects in the existing system in various socialist countries, and thought that it was necessary to carry out reform, it was not put on the agenda. At that time, people did not realize the necessity and urgency of reform as they do now. They did not realize that the brilliant future of socialism would be determined by the success of reform. Subsequently, capitalist society extricated itself

from the difficult period of war and revolution, and entered a period of comparatively stable development. In the same historical period, as far as their guidance thinking was concerned, many socialist countries failed to develop Marxism which by nature determines that it should be constantly developed. They misinterpreted Marxism, or even regarded it as a dogma. They were rigid ideologically; they followed an "ultra-leftist" line politically. Organizationally, they suppressed people inside the party who held divergent views. They even carried out a ruthless struggle against them. As a result, the economic and social development of socialist countries was very slow. This situation obviously occurred in our country. This world situation, and conditions inside socialist countries enabled people in those countries to fully realize the necessity of reform. Therefore, it became a general trend in the socialist world.

Mind Emancipation Is the Necessary Prerequisite for Socialist Structural Reform

The two meetings have gone down in history as the great beginning of reform. People noticed that many problems were widely discussed at the meetings. Participants discussed the problem of shifting the focus of the whole party to socialist modernization. They discussed ways to solve problems arising during the "Great Cultural Revolution," and to rehabilitate the "Tiananmen Incident." They discussed the problems of rights and wrongs, merits and demerits of important leaders left over from the "Great Cultural Revolution." They also discussed the problem of agricultural policies, and so on. What was most prominent was that they regarded the discussion on the restoration of the materialist ideological line characterized by seeking truth from facts, as the most important part.

The key topics of the discussion were opposing the personality cult and the "two whatevers." On 7 February 1977, an editorial entitled "While Studying Documents, We Should Grasp the Key Link" was jointly published by RENMIN RIBAO, HONGQI and JIEFANGJUN BAO. It stressed: "We should resolutely support whatever policy decision are made by Chairman Mao. We should persistently follow whatever instructions are issued by Chairman Mao". In March 1977, at a central work meeting Hua Guofeng reiterated the viewpoint on the "two whatevers." If we failed to oppose this viewpoint, we were in no position to overcome previous mistakes. Personality cult for Mao Zedong was an important ideological root which severely harmed the first phase of the initial stage of socialism. Therefore, after smashing the "gang of four," the broad masses of cadres and persons in the academic field generally, demanded a theoretical clarification of this issue in order to correct this erroneous view. Starting with the publication of the article "Practice Is the Sole Criterion for Testing the Truth" in May 1978, a discussion on basic Marxist philosophical principles with the aim of enabling people to understand more profoundly that "practice is the sole

criterion for testing the truth" was conducted; so that the struggle against the view on the "two whatevers" would be carried out on a scientific theoretical basis.

On 13 December 1978, Deng Xiaoping delivered a speech: "Emancipating the Minds, Seeking Truth From Facts, and Uniting As One in Looking to the Future" at the closing session of a central work meeting. This was the most important document of the two meetings. Editors of the "Selected Works of Deng Xiaoping" made the following introduction to the speech: "This is a speech delivered at the closing session of the central work meeting that made preparations for the 3d Plenary Session of the 11th CPC Central Committee which followed immediately. In essence, this speech served as the keynote for the 3d plenary session." In this speech the issue of "mind emancipation" was brought up. Deng pointed out: "Mind emancipation is a current major political issue." He added: "Only by emancipating our minds can we, guided as we should be by Marxism-Leninism and Mao Zedong Thought, find correct solutions to the emerging as well as inherited problems, fruitfully reform those aspects of the relations of production and of the superstructure that do not correspond with the rapid development of our productive forces, and chart the specific course and formulate the specific policies, methods and measures needed to achieve the four modernizations under our actual conditions." The speech distinctly emphasized that: Mind emancipation is a necessary prerequisite for reform. From the angle of mind emancipation, it praised the discussion on the criterion of truth conducted before the convening of the two meetings. The speech continued: "In fact, the current debate about whether practice is the sole criterion for testing the truth is also a debate about whether people's minds needed to be emancipated... Only if we emancipate our minds, seek truth from facts, proceed from reality in everything and integrate theory with practice, can we carry out our socialist modernization program smoothly, and only then can our party further develop Marxism-Leninism and Mao Zedong Thought.

The historical process of the past 10 years was actually a process in which mind emancipation kept pace with socialist reform. Reform needed the help of mind emancipation in opening up the path. In the meantime, the continuous progress of reform enabled people to realize the necessity of mind emancipation, and provided mind emancipation with new experience. New ideas come from new historical developments. Without new ideas it is impossible for history to achieve new development. This is a basic proposition of historical materialism established by Marx and Engels. This proposition plays an important guiding role in reform today.

The slogan mind emancipation was directed at the attempt to create superstition and confine people's minds. It was also directed at some cadres' malpractices of judging people by the "backing they have" and of "drifting with the stream." At that time these malpractices could be seen everywhere and were considered

correct. As to the following of instructions from one's superior without making any personal judgment, this was even more popular. Naturally, many people understood the specific meaning of this slogan at that time. They also understood that emancipating the mind had long-term and far-reaching significance and that its contents would change as time goes by. China's reform developed due to this slogan. Reform met with all sorts of ideological obstacles and new requirements were set for emancipating the mind. Of course, emancipating the mind was not all smooth sailing. Sometimes the tendency to emancipate the mind gained the upper hand and sometimes it did not; sometimes the way to emancipate the mind was correct and sometimes it was not. The course of emancipating the mind was tortuous. We should admit that the emancipation of the mind in our country has developed quickly since the 3d Plenary Session of the 11th CPC Central Committee; it has developed from the general concept of emancipating the mind to the concept of reunderstanding socialism. This development can be found among Marxist theorists, ordinary cadres and intellectuals as well. Over the last 10 years, with the efforts of Marxist theorists in our country, the slogan of "mind emancipation" has played a very important role in enabling the people to reunderstand socialism and in pushing forward reform.

Here I would like to quote the following remarks from the report to the 13th CPC National Congress:

"In the course of reunderstanding socialism since the 3d Plenary Session of the 11th CPC Central Committee, our party has developed a series of theories and concepts in the fields of philosophy, political economy, and scientific socialism. They include: The concept of emancipating the mind, seeking truth from facts, and taking practice as the only criterion for judging truth (all these were fully confirmed at the 3d plenary session); the concept of carrying out socialist construction according to the specific conditions of the relevant country; the concept that building socialism in an economically and culturally backward country requires a very long initial stage (this concept was proposed for the first time at the 6th Plenary Session of the 11th CPC Central Committee. The 12th congress report pointed out the basic characteristic that "material civilization is still underdeveloped" during the initial stage of socialism. The 6th Plenary Session of the 12th CPC Central Committee provided more detailed explanations for this concept and used it to rectify "leftist" ideas concerning ideals and morality. The theory on the initial stage of socialism was systematically developed by the 13th congress report); the concept that the fundamental task of socialist society is to develop the productive forces and concentrate on modernization (while meeting with a non-governmental delegation from Japan on 30 June 1984, Deng Xiaoping pointed out that the "fundamental task of socialist society is to develop the productive forces." The 13th congress report further pointed out that "everything beneficial to the development of the productive forces corresponds to the people's interests and is

therefore required and allowed by socialism; whatever is harmful to the development of the productive forces runs counter to socialism and is therefore not allowed by socialism"); the concept about the socialist economy being a planned commodity economy (this was confirmed in 1984 by the 3d Plenary Session of the 12th CPC Central Committee, which changed the traditional concept about the socialist economy not being a commodity economy; that it could be carried out without following the commodity economic rules; that did not regard the socialist commodity economy as something in conformity with the socialist planned economy. This concept provided a new idea about the socialist economy); the concept that reform is an important impetus for developing socialist society and that opening up to the world is indispensable to socialist modernization (there are always two tendencies on the question of reform and opening up to the world, one being conservative and the other being radical, therefore this concept must be used to persuade some people to discard their misgivings on reform and opening up to the world); the concept that socialist democratic politics and socialist spiritual civilization are essential characteristics of socialist society (in his speech entitled "emancipate the mind, seek truth from facts, and unite to look forward", Deng Xiaoping pointed out that "particular stress should be laid on democracy during the present period" and that "democracy is an important condition for emancipating the mind."

This conclusion was directed at our failure to stress the importance of building a high degree of socialist democracy. A resolution made by the 6th Plenary Session of the 12th CPC Central Committee in 1986 pointed out that "without democracy there can be no socialist modernization" and that an "important historical lesson in China's socialist development is that first, efforts have not been concentrated on economic development, and second, there is no democratic politics." This session also adopted another resolution on the guiding principles for carrying out socialist spiritual civilization; the concept about the combination between adherence to the four cardinal principles and persistence in the general policy of reform and opening up to the world and that neither can be dispensed with (this concept received particular emphasis in the 13th congress report); the concept of reunifying the motherland under the principle of "one country, two systems" (this was an important concept creatively proposed by Deng Xiaoping in 1983 and has played an important role in promoting the reunification of the country); the concept that party style is vital to the existence of the ruling party; the concept that relations with communist and other parties should be developed under the principles of independence, complete equality, mutual respect, and mutual noninterference in each other's internal affairs; and the concept that peace and development are the main aspects of the world trend today." (Editor's note: Remarks in brackets are writer's.)

These 12 concepts are conclusions made by the 13th congress report. They are all-embracing and constitute

the most important part. From these conclusions we can see that during the 9 years from the 3d Plenary Session of the 11th CPC Central Committee to the 13th CPC National Congress, we made great progress in reunderstanding socialism as a result of emancipating the mind.

A Problem of a More Profound Nature: Reunderstanding Socialism

After the 13th congress, Marxist theorists in our country raised the issue of reunderstanding socialism, an issue of a more profound nature. This enabled us to develop our understanding and to acquire a thorough knowledge of the world and China today. Our understanding was greatly enhanced after the these two meetings at the end of 1978, but our problems were not thoroughly solved. Within the 5 years or more after the 13th congress, we should profoundly study major issues in China and the rest of the world.

As everyone is aware, the world developed into a new period in the mid 1950's. This period was not characterized by war and revolution. The last concept explained by the 13th congress report points out that "peace and development are the main aspects of the world trend today." This is rich in content. Reunderstanding socialism includes reunderstanding the entire historical process of human society from capitalism to socialism, reunderstanding contemporary socialism, reunderstanding contemporary capitalism, reunderstanding the present international economic setup, reunderstanding the relationship between present human society and its natural environment, and reunderstanding the era. Thus the scope of reunderstanding socialism covers the study of history and reality, the study of the internal and external environments of socialist society, and the study of theoretical and practical problems concerning socialism.

Marxist theory should be able to explain the present problems and guide the cause of mankind. Only in this way will it fully display its role. Therefore Marxism must develop continuously. This is easy to understand. However, Marxism has to tackle ideological rigidity in its development. We should always remember the call for emancipating the mind put forward by the 3d Plenary Session of the 11th CPC Central Committee and a central work conference prior to this session, and should devote major efforts to creative theoretical research to develop and modernize Marxism.

The scholars have expressed widely divergent views on the question of what Marxism is. With regard to this question, I believe that we can carry out our study and explorations in various ways. In my opinion, as a theory of social science, Marxism means scientific socialism. Lenin once pointed out the three component parts of Marxism. The three component parts of Marxism are not on a par with one another but have the following logical relations: The Marxist philosophy, namely dialectical materialism and historical materialism, is regarded

as the basic method of observing and studying questions and is to be applied to the study of political economics and other social sciences in relation to contemporary society and the contemporary world to eventually discover the objective law of their development; to identify the historical trend of social and world development, and draw the conclusion that capitalist society will eventually be replaced by socialist society and that the capitalist world will eventually give way to the socialist. By proceeding from the basic stand of promoting the progress of mankind, we should study the motive force pushing forward the development of socialist society (that is, the principal force of social progress). By studying the motive force pushing forward the development of socialist society, we will be able to find a better way to organize ourselves, actively take action, and adopt correct strategies to push ahead with the development of socialist society in a planned way. More than a century ago, by applying the philosophy of dialectical materialism and historical materialism, Marx and Engels analyzed and dissected the capitalist society in which they lived and the world dominated by capitalism, and successfully founded the theory of scientific socialism. Today, as the successors of Marx and Engels, we should analyze and dissect today's society and today's world and supplement our past research results with new research results and new conclusions to develop the theory of scientific socialism still further. The present era is fundamentally different from the era of Marx and Engels. In the era of Marx and Engels, there was only one social formation, that was, capitalism (here we put aside the social formation that had existed before capitalism). In the present era, there are two social formations, namely, socialist and capitalist society. We must carry out an in-depth study into these two social formations. The contemporary world is thereby a world in which socialist society coexists with capitalist society and socialist countries coexist with the capitalist. Contemporary capitalist society and the contemporary capitalist world are not only different from the capitalist society and world Marx and Engels studied more than 100 years ago, but are also different from the capitalist society and the world Lenin studied more than 70 years ago. Since fundamental changes have taken place in the world since then, we Marxist theoretical workers should, by applying the Marxist philosophy, carry out the study of contemporary society and the world and re-examine some of the conclusions we have already reached in this regard in order to raise our own understanding on this question through a re-understanding process.

There has been a misunderstanding concerning such a "re-understanding" process. Some people believe that "re-understanding" means to fundamentally negate the traditional understanding. Such a misunderstanding can be found both among people who advocate changing traditional understanding and among those who advocate safeguarding traditional understanding. Although no one has publicly stated so, such an ideological tendency does indeed exist among some people. In point of fact, "re-understanding" is nothing but an in-depth

understanding of the same question and a study on the new situations and new questions that crop up in the new era through emancipating the mind and seeking truth from facts. We should thereby draw conclusions in accordance with the results of our own research. We should carry out our research according to the scientific conclusions we have already drawn and adhered to and on the basis of these scientific conclusions.

To Develop Marxism, We Need A Group of Well-Qualified Theorists. Their Emergence Has an Important Bearing on the Future and Destiny of China

Here, I would like to say: "To develop Marxism, we need a group of well-qualified theorists. Their emergence has an important bearing on the future and destiny of China." I think that only by closely integrating the development of Marxism with the future and destiny of China will we really be able to realistically appraise the importance of Marxism. In his speech delivered at the Central Work Conference convened immediately before the convocation of the 3d Plenary Session of the 11th CPC Central Committee, Deng Xiaoping said: Only by emancipating the mind, seeking truth from facts, proceeding from actual conditions, and integrating theory with practice will we be able to successfully build socialist modernization. In this sense, the debate on the question of the criterion of truth is indeed a question regarding the ideological line and is a political question and a question concerning the future and destiny of our party and our country. Deng Xiaoping also commented on the discussion on the criterion of truth, saying that the question is one concerning the future and destiny of the party and the state. What we are talking about today is a general question concerning the development of Marxism, a question which can be said to have an important bearing on the future and destiny of China. We must proceed from this fundamental stand, continue to emancipate our mind, proceed from the actual conditions of our country, adopt a strict scientific attitude and scientific methods, and make greater efforts in order to develop Marxism still further.

That I say "we need a group of well qualified theorists" is because Marxism needs to be developed by them. These well qualified theorists cannot be "created" or "fostered" but will only emerge under the support and encouragement of the party and the state.

Here I would like to point out: Applying Marxist scientific theories and scientific methods to the study on various questions in various fields of socialist society, including some vocational questions, is also likely to play a positive role in our work. However, Marxism is not aimed at tackling the questions of secondary importance and nor is it aimed at tackling vocational questions. The great significance of Marxism lies in that Marxism can point out the orientation of the historical development and the road along which various countries in the world advance. It is because of this reason that the people who are shouldering primary responsibility for

the future and destiny of China, including both the statesmen and the Marxist theoretical workers, should at once make every possible endeavor to study Marxism and exert their utmost to support and develop the study on Marxist theories. At present, the situation in this regard is still far from satisfactory.

I would also like to point out that if it is believed that Marx, Engels, and Lenin already fully expounded the theories of the national democratic revolution which takes place in the period of democratic revolution in their works, the achievement made by Mao Zedong in his lifetime was that he successfully integrated the universal principles of Marxism with the concrete realities of China and led the Chinese revolution through to victory. Nowadays, since some of the general principles of Marxism, which are regarded as the scientific principles guiding socialist construction, are still in a process of exploration, what the Chinese Marxists should do is not just to integrate the general principles of Marxism with the realities of China but to participate in the study on the general principles of Marxism. It should be acknowledged that it is by no means an easy task to correctly integrate the existing general principles of Marxism with the realities of China. At present, we should not only carry out the study on the general principles of Marxism with a view to drawing some scientific conclusions but should also successfully integrate the general principles of Marxism with the realities of China. We must do a good job in these two respects.

It is over 10 years now since the convocation and the victorious conclusion of the Central Work Conference convened prior to the 3d Plenary Session of the 11th CPC Central Committee. It is also over 10 years now since our country embarked on socialist reform and issued the call for the emancipation of the mind. Over the past 10 years, great changes have taken place on the Divine Land. The achievements made by our country in the last 10 years have far outstripped those made in the 30 years before the convocation of the 3d Plenary Session of the 11th CPC Central Committee. One cannot but feel elated when one compares the present social and economic developments of China and the present mental attitude of the Chinese people with those of 10 years ago. I am convinced that with the elapse of time and with the further development of China's reform and construction, the Central Work Conference and the 3d Plenary Session of the 11th CPC Central Committee will certainly demonstrate even greater historical significance. In the process of reform, there are bound to emerge some difficulties and problems. However, all these difficulties and problems are those which have emerged in the process of our advance. Some people have made an erroneous comparison between the present and the past, saying that "some of the phenomena, which have now emerged in society, were completely unknown before the 3d Plenary Session of the 11th CPC Central Committee..." Such a view and such a trend of thought merit our attention. We should do all we can to guide people to look forward to the future and let people see that

enormous progress has been made in our country's decade-long reform, that the present situation of our country is good, and that only by adhering to reform will we be able to promote the further development of our country. It is true that there are a lot of problems that demand prompt solution. We should pay great attention to these problems. We need to further emancipate our minds and explore new ways to tackle these problems. From an historical perspective, these problems are, after all, temporary ones. Therefore, it is imperative for us to adopt some "short-term behavior" in order to tackle these problems. However, we must see the great significance of the present reform and the bright prospects it has brought to our country's socialist cause. We are now advancing along the road pinpointed by the 3d Plenary Session of the 11th CPC Central Committee and are widening the road along which we are advancing. Emancipating the mind and developing Marxism will continue to play an important role in our work. Adhering to the line of the 3d Plenary Session of the 11th CPC Central Committee, adhering to reform, adhering to the emancipation of the mind, and adhering to Marxism are my "concluding remarks" on the occasion marking the 10th anniversary of the convocation of the 3d Plenary Session of the 11th CPC Central Committee and the 10th anniversary of the reform of the socialist structure of our country.

Commentary on Education During 10 Years of Reform
OW2212004588 Beijing GUANGMING RIBAO
in Chinese 3 Dec 88 p 1

[Commentary by Feng Zhijun (7458 0037 3182) in "The Past Decade as I See It" column entitled: "Joys and Anxieties"]

[Text] Education, like other undertakings, has been extraordinarily successful during the 10 years of reforms. The achievements are there for the world to see. Here are the major ones: Nine-year compulsory education is universal. A considerable number of the large- or medium-sized cities have implemented the system of 9-year compulsory education. Some 1,240 counties, or 60 percent, have made primary education universal;

Vocational, technical and adult education have developed. In 1987, student enrollment in secondary vocational and technical schools came to 5,155,000. In adult education, those who took self-study examinations at secondary and higher vocational education levels alone numbered 7.8 million;

Students in institutes of higher learning numbered almost 4 million. In the past 10 years, 2.7 million students have graduated from colleges, equivalent to the total number of college graduates in the first 30 years after the founding of the Republic;

Educational funds have increased. In 1987, the state budgeted 27,462 million yuan for education. The total education expenditures amounted to 40 billion yuan, including educational funds raised by factories, mines, and enterprises; educational surtaxes; and funds raised through diverse channels.

The facts show that during the 10 years of reforms success has been achieved in educational projects. Development during those 10 years would be doubly heartening if viewed in a historical perspective. The present state of Chinese education, if viewed in the perspective of improving the quality of the nation, worldwide educational developments, and competition for initiative in the 21st century, cannot help but arouse our anxiety.

The first anxiety: Great shortages of educational funds. In the past decade, our educational funds have increased by 2.6 times. Because of the rapid increase in population, expansion of the scale of education (in 1987 the number of teachers and other school employees increased by 2,040,000; students and teachers nationwide totaled 228 million), money spent on long overdue improvements, inflation, and other factors, the public fund actually spent on teaching, after deducting personnel expenses, has declined. In 1987, the public fund for elementary and secondary schools declined to 27.8 and 16.7 percent, respectively, from 33.1 and 22.1 percent in 1980. According to a survey, the average annual state expenditure per secondary school student is 5 yuan; for an elementary school student, 1 yuan. Some rural elementary schools do not have any public fund for teaching at all.

The second anxiety: School facilities are too poor. Secondary and elementary schools have a shortage of 75 million square meters in floor space and are still using some 45 million square meters of floor space in dangerous school buildings. Many ancestral memorial halls, temples, and dangerous buildings are being used as classrooms and incidents of collapses involving deaths and injuries of students have been heard frequently. Only a very small percentage of schools are fully equipped with scientific instruments: less than 10 percent for secondary schools and below 5 percent for elementary schools. Secondary and elementary schools across the nation are short of 13 million set of desks and chairs.

The third anxiety: Pay for teachers is rather low, particularly in secondary and elementary schools. The average monthly salary of teachers is the third lowest among staff members and workers in 12 selected trades. Not only are their wages low but their other benefits are even lower. This has directly affected teacher morale and the phenomenon of teachers leaving education in favor of business has emerged. If the ranks of teachers are not stable, how can we expect to improve the quality of education! The fourth anxiety: Students are detesting education and dropping out. A new "education is

useless" theory is again gaining ground. In some localities, a handful of students who detest education are playing truant. Some have dropped out to go to work. The number of children working as peddlers and farmhands has increased. Some college students have even quit school in favor of employment. If the order in schools cannot be maintained, how can we expect to improve the quality of education.

What should we do to change this situation? Many people of insight have appealed loudly to draw attention to the problem. Their appeals, however, have gone largely unheard. Consequently, people are saying: "We offer advice for nothing and nothing comes of our advice." I think, however, we should continue to speak out, even to no avail. Only by exchanging views freely will we be able to enhance the national awareness of education and firm the determination to promote education vigorously. It will be impossible to solve, once and for all, the problem of education funds if there is not a sense of crisis concerning education. Next, we should conscientiously solve the problem of education funds in the near future and set aside, by law, a reasonable sum for education, secure a steady source for education funds, and properly increase regular education expenditures. Only by doing so can we implement the Central Committee's instructions of making education a "strategic priority" and the "foundation of the nation." At the same time, we should break the state monopoly on education and encourage people to raise funds for schools in different ways, at different levels, and through varied channels. Next, we should increase substantially in the near future the pay and other benefits for teachers. To administer a country, we need personnel; to bring up personnel, we need education; to promote education, we need teachers. We must overcome difficulties and create the conditions to make teaching the most respected and coveted profession. Only by doing so can we inspire teachers to dedicate themselves to teaching. If this is done, the quality of the whole nation can be expected to improve.

The 21st century is around the corner. The destiny, fall, or rise of China depends to a large extent on the development of education today.

7 Million Party Members Unaccounted For
HK2212142888 Hong Kong AFP in English
1435 GMT 22 Dec 88

[Text] Beijing, Dec 22 (AFP)—Seven million members of the Chinese Communist Party were unaccounted for Thursday when the PEOPLE'S DAILY called upon the rank-and-file to forge ahead with reforms.

"The most important thing is that the more than 40 million Communist Party members, particularly leading cadres, should take the lead in implementing measures set by the party Central Committee and State Council, and fight corruption," the official party newspaper said in a page-one editorial.

The statistic puzzled observers. While the Communist Party has announced the expulsion of thousands of members for corruption, official press reports in mid-1988 put total membership at more than 47 million.

More than 9.6 million Chinese have joined the party since 1982.

The editorial said Chinese were unanimous on the need for economic reforms initiated 10 years ago this week, even if they did not all agree on how to carry them out.

Thursday's editorial marked the 10th anniversary of the conclusion of a Communist Party Central Committee meeting in Beijing that called upon China to "seek truth from facts" and pursue liberal economic reforms.

The meeting also rejected the notion of class struggle that prevailed during the Cultural Revolution (1966-76) and confirmed Deng Xiaoping as China's top leader in the post-Mao era.

Li Yining Views Change From Old to New Culture
OW2212120388 Beijing XINHUA in English
0822 GMT 21 Dec 88

[Text] Beijing, December 21 (XINHUA)—Problems in China's current economic reforms stem from a conflict between old and new cultures, noted economist Professor Li Yining said here today.

Professor Li of Beijing University said that traditional Chinese culture, which was based on product economy, did not distinguish between the functions of government and enterprises, and officials and businesses. The new culture is based on the "socialist commodity economy", or a market-oriented economy with public ownership as the leading type of ownership.

Li made this observation at a forum currently being held here to mark the 10th anniversary of the 3d Plenary Session of the 11th Central Committee of Chinese Communist Party, a historical meeting marking the beginning of China's nationwide reform.

He said that the conflict between the two types of cultures is particularly acute as the old system is being replaced by a new system. The decade of change is only one short step toward the complete change of the culture, he said.

Li said that it is now widely accepted that China cannot leap over the market economy if it wants to gain prosperity, and the market economy can only develop if enterprises operate with vitality. This has superseded the old, and in his judgment misguided view that productivity can increase solely through the development of science and technology and education of political thought.

Li added that the replacement of the planned economy with one where the state regulates the markets and the markets direct enterprises has also been accepted.

The development of a market economy depends on fairness and efficiency, he said. Multiple forms of ownership can now co-exist with public ownership.

Editorial Stresses Tightening Party Discipline
OW2212025588 Beijing BEIJING REVIEW
in English 19-25 Dec 88 pp 4-5

["Notes From the Editors" by Li Ning: "Tightening Party and Government Discipline"]

[Text] A leader of the CPC Central Commission for Discipline Inspection recently warned that China's reform and construction would probably be seriously threatened if Party discipline was not strengthened.

The improvement of the economic environment now under way in China is aimed mainly at reducing total social demand, curbing inflation and rectifying the economic order. That is to say, comprehensively deepening China's reforms by eliminating the confusion which has emerged as the old economic structure is replaced with a new one. At this juncture, it is particularly necessary to strengthen discipline.

Since China initiated the reform and open policy, it has made dramatic achievements in all fields. Some Party members and leading cadres, however, have failed to withstand the temptations offered by China's new economic circumstances. They have violated both the law and Party discipline and engaged in malpractices for personal gain—the phenomena of corruption.

Proceeding from their local interests, leading cadres (who are also Party members) in some work units have implemented only those regulations of the Party Central Committee and the State Council which were to their liking. They thus neglected the overall national interests, often adopting measures to counter directly central policies. They likened central government prohibitions to traffic lights, saying they aimed "to jump the red light whenever they encountered it."

For example, it has been stipulated that certain industrial raw materials such as cotton and silkworm cocoons can only be purchased through the unified state plan. Some work units, however, have vied with each other to buy these materials without authorization. To cool the overheated economy, repeated injunctions to reduce the scale of major building projects have been issued, especially of auditoriums, halls, hotels and hostels. But some departments have continued all-out construction. Despite strict orders to control group purchasing power, it has continued to exceed the set quotas. Many work units have rushed to buy imported luxury limousines and other high-grade articles. In the first nine months of 1988, institutions purchased 48.7 billion yuan's worth of

consumer goods, comfortable exceeding the 42.2 billion yuan sum set by the State Council for the whole year. Additionally, illegal practices such as banquets paid for by public funds, unauthorized price rises, unreasonable charges, "bureaucrat racketeering," and the indiscriminate issue of bonuses have not been halted.

In a handful of instances, Party members and cadres have collaborated with criminals and illegally bought materials and equipment in short supply. They have then resold them, reaping exorbitant profits. Other leading cadres responsible for the management of projects, funds, materials and equipment, have abused their power to engage in bribery, blackmail and extortion.

The nature of the situation can be judged by the fact that in 1987, of the 149,379 Party members punished for disciplinary violations, 19,869 (13.3 percent) were guilty of corruption or bribery.

Clearly it is urgent to ensure that all Party organizations and government institutions rid themselves of the faintest taint of corruption.

History shows that when the development of a country's commodity economy reaches a certain stage, and when its legal system, regulations and orders have not been fully established, the emergence of corruption in state organizations is often unavoidable. But as China is a socialist country, the Party and government should be able to control their members and employees, ensuring that they are law-abiding and that the government is clean. Corrupt phenomena should be minimal, and never be allowed to spread unchecked. Communist Party members must pass a number of severe tests to qualify as fit for membership of the ruling party. These include forgoing the opportunities for easy self-advancement thrown up by China's reforms and opening to the outside world, and maintaining a clean government.

In order to strengthen discipline and overcome negative and corrupt phenomena, the Party and government have done a great deal of work, including opening their work and its results to public scrutiny, establishing corruption reporting centres, strengthening supervision from specialized organizations and the masses and improving discipline and related rules. As a result, administrative work has grown increasingly standardized and regulated, offering less abuses of power for personal gain, satisfactory progress has also been achieved in investigating and handling disciplinary and legal violations.

The Beijing Municipal Committee of the Communist Party of China recently issued a 10-point list of requirements for all its members and cadres. Aimed at ensuring honesty, strict maintenance of discipline and constant wholehearted service to the people, the document insisted that all members:

Act in unison—both politically and ideologically—with the CPC's Central Committee, so that all orders are implemented and all prohibitions observed.

Always take the overall interests of the Party and the public into account, especially when reforms affect their personal interests, which must be courageously sacrificed if necessary.

Should be constantly devoted to their duties, which should never be performed in a slack or perfunctory manner.

All Party members and leading cadres are forbidden to engage in business or establish enterprises.

Both socially and at work, official positions must not be abused to engage in corruption, seek or pay bribes, or participate in any other form of malfeasance.

Personal privileges should not be sought, nor official positions abused for personal gain.

State property should not be surreptitiously appropriated.

All extravagance and waste should be avoided.

Members should neither host banquets and send gifts with public funds nor issue bonuses and articles indiscriminately.

It is forbidden to travel at public expense.

In all dealings with foreigners, bribery, embezzlement, speculation and the illegal procurement of foreign exchange is strictly forbidden.

At all times, Party members and leading cadres should recognize and accept supervision from their respective organizations and the public, while simultaneously boldly struggling against all manifestations of corruption.

NPC Standing Committee Member Wang Bingnan Dies
HK2212132088 Beijing XINHUA Hong Kong Service
in Chinese 1247 GMT 22 Dec 88

[Text] Beijing, 22 Dec (XINHUA)—Wang Bingnan, Standing Committee member of the NPC and advisor to the Chinese People's Association for Friendship With Foreign Countries, died at 0005 on 22 December 1988 in Beijing at the age of 80.

The obituary said: "Comrade Wang Bingnan contributed his whole life to the Chinese people's revolutionary cause. He was a fine party member, a loyal fighter of the proletariat, and an outstanding diplomat."

Wang Bingnan was president of the Chinese People's Association for Friendship with Foreign Countries.

9,700 Working Under State Council To Lose Jobs
HK2212093188 Beijing CHINA DAILY in English
22 Dec 88 p 1

[By staff reporter Gu Chengwen]

[Text] Over 9,700 people working directly under the State Council are to lose their government jobs in a new major shake-up. Under it, about 20 percent of subministry departments are to be dissolved.

This follows the recent passing by the State Council of the last draft for its structural reform, affecting 66 ministries, commissions, and departments.

According to Wu Peilun, deputy head of the Office of National Organization Structure and Establishment Commission, the next step was to put the draft decisions into practice and establish rules to make sure they were not revoked in the future.

Wu told CHINA DAILY that the people who lost their jobs would either go into businesses, professional associations, research and consultancy institutions or simply be retired.

He said that the State Council had been streamlined three times since 1957, but somehow each change had resulted in even further expansion. This had happened because no changes had been made in the basic systems of economic and personnel management, no proper studies of the situation were made and little attention was paid to the core questions of department and position functions.

The net result had been that the government found itself deeply involved in the affairs of enterprises, the Party's organizations had got all mixed up with those of government and it all had resulted in an unworkable structure with low quality staff.

Wu said the aim of the recent structural reform was to clarify relations between the Party's organization, central and local governments, enterprises, and government departments.

Under the reform package, many central government departments that used to directly control enterprises are dissolved.

To increase the government's macro-control capacity, departments concerning finance, banks, prices, taxation, statistics, supervision and auditing have been enlarged and strengthened.

Furthermore, all functions of specific government departments are being re-examined and clarified.

All functions will be established in their proper departments and any overlapping will be eradicated.

For example, the Ministry of Light Industry broke down the functions of seven of its departments into 46 sections, of which 18 were found to belong more properly to general management departments concerned with planning, science and technology, quality standardization and co-ordination. Some too were transferred to professional associations and the business sector. This enabled the ministry to dissolve five out of the seven departments.

In another reforming move, the Ministry of Petroleum Industry has been merged with the new Ministry of Energy. Wang Tao, general manager of China Oil and Natural Gas Corporation, said this was of great significance for the development of the oil industry.

But Wu pointed out that operational procedures, administrative regulations and a budgeting system were still needed to ensure that government institutions did not swell again.

Further reforms involving the regular testing and training of staff and changes in the wage system would be tried out in some ministries.

Reform of the provincial governments is to start next year.

Over 3,000 Supervisory Organs Set Up
OW2112213588 Beijing Domestic Service in Mandarin
2230 GMT 17 Dec 88

[From the "National Hookup" program]

[Text] According to a responsible person of the Ministry of Supervision, more than 3,000 supervisory organs employing over 30,000 personnel have been established by governments at above-county level since last June when China restored and reaffirmed the administrative supervisory system. The organization work of administrative supervisory organs at various levels has basically been completed.

The Ministry of Supervision has set up supervisory offices or appointed supervisory officials in 46 ministries, committees, and organizations directly under the State Council. In addition, the Ministry has helped 15 enterprises and institutions under the State Council institute internal supervisory units.

The supervisory departments or bureaus of 21 provinces, autonomous regions, and municipalities and of some prefectures and counties have also established supervisory organs in government departments. Some localities have even set up supervisory agencies or appointed full-time supervisory officials in villages, townships, or streets.

It was learned that during the organization process, supervisory organs at various levels have carefully selected cadres to ensure the quality of their personnel. Some supervisory organs have reformed the personnel system by conducting open examination within certain limits to attract capable cadres. According to incomplete statistics, the average age of supervisory officials across the nation is 37, and 37 percent of them have college or higher degrees.

Many supervisory organs have also paid attention to in-service training of cadres during the organization process. Statistics show that the Ministry of Supervision and some local supervisory authorities have trained nearly 3,000 supervisory cadres by sponsoring either full-time or part-time training programs in the past year.

CPLCC, State Council Decision on Harvest
OW2212112288 Beijing XINHUA Domestic Service
in Chinese 1203 GMT 20 Dec 88

["Local Broadcast News Service"]

[Text] Beijing, 20 Dec (XINHUA)—Decision of the CPC Central Committee and the State Council on Winning a Bumper Harvest Next Year

(25 November 1988)

The 3d Plenary Session of the 13th CPC Central Committee has decided that for the next 2 years the emphasis of China's reform and construction will be put on improving the economic environment and rectifying the economic order. Making all-out efforts to develop agriculture, in particular grain production, and increase the effective supply of agricultural and sideline products is of utmost importance to checking price hikes and stabilizing the overall situation. Party committees and governments at all levels must strengthen their leadership over rural work and take truly effective measures to strive for a bumper harvest in the next 2 years, especially 1989.

The past decade has seen a breakthrough in China's rural economy and a major turn for the better in its agricultural production as propelled by the reform and open policies. This is of vital significance because it has not only supported the development of our national economy as a whole but also created favorable conditions for the all-around reform of our economic structure. In recent years, however, due to various reasons, there have been new fluctuations in our country's grain production, a fairly big drop in cotton output, and instability in pig production. In the meantime, there has been a rather quick growth of demands for major agricultural and sideline products for the people's consumption in their daily life, for use as raw materials for processing industries, and for export in developing foreign trade. This has resulted in new contradictions between supply and demand. The question of agriculture, particularly the grain question, has aroused the attention of the whole

party and the people throughout the country. To speed up agricultural development, win a bumper harvest next year, and increase the effective supply of agricultural and sideline products, the CPC Central Committee and the State Council hereby make the following decision:

1. During winter this year and spring next year, wide-scale education on the current situation should be carried out in rural areas. The broad masses of peasants in our country are active supporters of the reform program as well as its direct beneficiaries. Over the past decade, our agricultural production has achieved considerable development, and the living standards of peasants have improved to a large extent. With sincere support for the party's policies, the broad masses of peasants have made significant contributions to reform and construction. It is necessary to lead the broad masses of peasants and rural grassroots cadres to look back on the course of reform, present the facts, reason things out, and review their own experience to gain a correct understanding of the current situation, the need for improving the economic environment, rectifying the economic order, and deepening the reforms in an all-round way, and the problems and tentative difficulties encountered in the course of reform and construction. We should lead them to foster a firm confidence, display a creative spirit, work self-reliantly, wage arduous struggle, and make positive contributions to deepening the reforms and winning a bumper harvest.

2. Peasants should be mobilized and organized to do farmland capital construction work. During winter this year and spring next year, all localities should renovate existing water conservancy works and irrigation and drainage systems according to their actual needs. In line with their respective local conditions, they should build some water-control and soil-improvement projects and agricultural development projects that require less investment but can give quick results. At the same time, positive efforts should be made to plant trees and develop afforestation. In addition, the system of accumulation of labor force should be popularized, and peasants encouraged to energetically put in their labor so as to increase their labor accumulation.

3. Supply of chemical fertilizers and other means of agricultural production should be increased. Priority should be given to ensuring the supply of raw materials and energy required for chemical fertilizer production. Production capacities of chemical fertilizer plants should be put to full use. Transformation of small chemical fertilizer plants should proceed at a quicker pace. Every effort should be made to fulfill next year's production task of 85 million metric tons of chemical fertilizers. Strenuous, successful efforts should also be made to produce other means of agricultural production, such as pesticides, plastic sheeting for farm use, and diesel oil. It is imperative to earnestly carry out the decision on exclusive state control over chemical fertilizers, pesticides, and plastic sheeting for farm use, carefully organize and successfully carry out the supply work

of these items, and strengthen supervision over their supply so as to prevent unhealthy practices and maintain the stability of their prices.

Increased application of organic fertilizer should be taken as an important measure for developing agriculture. The masses should be mobilized and organized on an extensive scale to expand the acreage of green fertilizer crops, go all out to produce farmyard manure, and study and adopt new methods and effective measures to increase the application of organic fertilizer.

4. To arouse the peasants' enthusiasm to develop grain production and ensure that there will be no change in the nationwide contracted grain procurement quota, the price for grain purchased by contracts will be appropriately raised next year. Grain not covered by purchase contracts will be sold on the market. The Ministry of Commerce and all provinces, autonomous regions, and municipalities should make a serious effort to manage the national and regional grain wholesale markets. They should guard against the occurrence of panic purchase of grain by jacking up the price and ensure that normal dealings are conducted on grain markets.

The "three links" policy; that is, grain purchase contracts linked to the supply of chemical fertilizers and diesel oil at officially fixed prices and to the payment of deposit for the purchase, should continue to be implemented. Beginning next year, both the central and local authorities should appropriately increase the quantities of chemical fertilizers linked to grain purchase contracts. The subsidy for chemical fertilizers to those provinces that sell grain to other localities should not be changed. As for those provinces and autonomous regions that sell rather large quantities of grain to other localities, preferential treatment should be given them with regard to investment, credit loans, and supply of goods for agricultural use, if at all possible.

Policies in support of cotton production should remain stable. Measures should be taken to further promote cotton production.

5. Positive efforts should be made to develop meat, egg, and vegetable production so as to improve the supply of nonstaple foods. We should see to it that pig production develops steadily and big fluctuations in this regard are prevented. In particular, the number of sows raised should be kept at a reasonable level. Every effort should be made to ensure the supply of grain used as fodder for the development of the livestock industry. In addition, it is necessary to establish stable vegetable production bases and maintain a sufficient acreage of vegetable farms so as to guarantee ample supply of vegetables to meet urban requirements.

6. Good work should be done to promote the service of popularization of agricultural technology with emphasis on popularizing good crop strains, improving fertilizer application techniques, and developing water-saving

agriculture and xerophytic crop farming. Scientists and technicians should be encouraged to go deep into grassroots in rural areas and do well in giving peasants technical training and providing them with technical service. Attention should be paid to giving play to the role of nongovernment science and technology organizations as well as peasant-technicians.

7. More funds must be put into agriculture. Investment in capital construction for agricultural production included in the plan should be gradually increased. With regard to the utilization of foreign capital, agricultural, forestry, and water conservancy projects should account for a certain proportion. The proportion of agricultural operating expenses and funds for supporting agricultural production should be increased in the state expenditure budget. The proportion of agricultural funds and credit loans for agricultural production in the finances of various localities should also be increased. In addition, funds for developing agriculture should be raised from various sources in accordance with the principle of "getting them from peasants and using them for peasants." Beginning next year, an agricultural development fund should be gradually established. Financial departments at various levels should include this fund in their budgets, keep accounts of its receipts and disbursements, and see to it that this special money is used solely for special purposes.

8. Village and town enterprises, which have become a pillar industry in the rural economy, should be developed steadily in the course of improving the economic environment and rectifying the economic order. On the basis of the nation's macrorequirements and market demands, village and town enterprises should take the initiative to adjust their production structure and product mix, energetically raise their level of enterprise management and product quality, and produce beneficial operating results as a way to survive and develop. Funds required for development of village and town enterprises should be raised principally by peasants. Collectively run enterprises with the necessary conditions may practice a shareholding system.

9. The output-related system of contracted responsibilities, mainly on a household basis, conforms to the present level of development of agricultural productive forces in most regions in China. It still has an exuberant vitality and should be kept stable and constantly improved. It is necessary to adhere to the central policies to advocate the establishment of a multiform and multilevel service system through association, provide various services to peasant families, and promote the development of a commodity economy in rural areas. In a few localities where there are indeed the necessary conditions, we may guide the peasants to expand farming to a suitably larger scale to raise the rural labor productivity if they are willing to do so.

It is still necessary to continue exploration into many aspects of rural reform, and continue to run well existing rural reform experimental zones.

10. It is necessary to strengthen leadership over rural work. Party committees and governments at all levels should seriously implement the guiding principle of taking agriculture as the foundation of economic development and place agricultural development at a very important position. In the course of improving economic environment and rectifying economic order, it is particularly necessary to devote more energies to agricultural development and conscientiously improve leadership and guidance over agricultural production. Provincial, prefectural, and county rural work organizations and agricultural work organizations and their cadre force should be kept stable, strengthened, and not weakened. It is necessary to strengthen grassroots organizations and their cadre force. Most party members and cadres in rural areas take the interests of the whole into account, work hard, and are not upset by criticism. At present, some rural grassroots organizations are slack. This is because of many reasons, but the major one is the leading cadres' failure to do their best. We should make determination and adopt effective measures to change such a situation. Party and government cadres at all levels should go deep into the realities of life, work hard, be honest in performing their official duties, and set good examples. It is necessary to organize all trades and professions to provide energetic support to agriculture and actively contribute to agricultural development.

At present, the general situation in rural areas throughout the country is good, and all the problems emerging in the course of reform and construction are soluble. Now, a vigorous operating mechanism has been preliminarily established in rural areas, and there is still a great potential in agricultural production, including grain production. In addition, the supply of agricultural means of production will be further improved next year. We have all the necessary conditions for reaping bumper agricultural harvests and achieving steady agricultural development next year so long as party committees and governments at all levels pay attention to agricultural work, all quarters work in coordination, and the agricultural work is done in a down-to-earth way by relying on correct policies, science, and increased investment. In this regard, we should not be blindly optimistic, but we have no reason to be passive and pessimistic either.

The CPC Central Committee and the State Council call on party committees and governments at all levels, party members, cadres, and masses to seek unity of thinking and action under the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, go all out, and work hard with one heart to reap good agricultural harvests over the next 2 years, particularly next year.

RENMIN RIBAO Cited on Grain Shortage
HK2212112888 Hong Kong AFP in English
1109 GMT 22 Dec 88

[Text] Beijing, Dec 22 (AFP)—China's grain production this year fell 10 million tonnes short of the 410 million tonne target, Vice Minister of Civil Affairs Zhang Dejiang said.

"Over 46 million hectares of arable land were affected by natural disasters this year, causing a shrinkage of grain production by 10 million tonnes," Mr. Zhang was quoted by the official newspaper the PEOPLE'S DAILY as telling a national meeting Wednesday.

It is the fourth year in a row that China's grain production has failed to meet expectations since a record harvest of 407 million tonnes in 1984.

Chinese Communist Party chief Zhao Ziyang warned in late October that grain production this year would fall well below the goal of 410 million tonnes and would not even equal last year's 401 million tonnes.

Deep concern among China's leaders led to the release of a circular Tuesday urging all sectors to invest more in agriculture and raise the purchase price of grain to encourage farmers to grow more next year, the PEOPLE'S DAILY said.

Though Mr. Zhang blamed lower harvests on natural disaster, recent official figures reveal that investment in agriculture fell from 17.7 per cent of total investment in capital construction in the 1960s to 4.8 per cent last year, after hitting an all-time low of three per cent in 1986.

Farmers this year were up in arms after China's agricultural bank, strapped for funds, could only offer them promissory notes.

China is aiming for annual grain production of 500 million tonnes by the year 2000.

Western diplomats warned that any long-term grain production strategies are bound to fail if investment continues to wither.

Article Examines Grain Management, Consumption
HK2212075788 Beijing RENMIN RIBAO in Chinese
14 Dec 88 p 1

[Article by RENMIN RIBAO reporter Pan Gang (3382 1511): "Giving a Warning About Grain—Commenting on the Question of Grain Management and Consumption"]

[Text] According to the latest news from the Ministry of Commerce, China had fulfilled 87.8 percent of this year's grain-purchase targets by 5 December and the amount of grain purchased is 5.16 million tons more than during the same period last year, which includes the grain purchased at negotiated prices.

However, grain production has faltered for 4 years. Although this year's reduction in grain production is not as large as expected, difficulties in making arrangements

for next year's grain supplies remain. Therefore, sounding the alarm at present for the problems in the grain management and consumption links, I think, is not uncalled for.

Grain Management Is Chaotic, the Interests of Both Parties Are Adversely Affected

Since 1986, the state has adopted a policy of "both flexibility and rigidity" on the purchase of grain. In other words, control is imposed on the prices of grain purchased by the state according to contracts and restrictions on the prices of grain purchased outside the contracts are relaxed. Later on, with the changed situation in grain production and marketing, the state decided to allow the grain outside the contracts to be purchased at government rather than negotiated prices. Hence, there is a "double-track system" in grain purchasing prices.

The "double-track system" of prices has played a positive role in stimulating grain production and unclogging channels of grain circulation but it has also provided an opportunity for "private speculators" of all kinds, big or small, to resell grain for exorbitant profits. Since the beginning of this winter, there have been serious fodder grain shortages in Guangdong, Guangxi, Hubei, and Sichuan Provinces and massive slaughtering of piglets in some places. To alleviate the short grain and fodder supplies in South China, the state decided to ship 1 million tons of corn from Northeast China to these areas in the last quarter of this year. But the target is still unfulfilled, because "other channels" withheld the shipment at every level.

What merits attention is that disorder in the circulation field has spread to some state-owned grain management departments. Having failed to withstand the temptation of differences between negotiated and government prices, they are also engaged in the illegal reselling of grain coupons for profit. Last September and October, some state grain shops in Tongchuan City, Shaanxi Province, went so far as to sell more than 10,000 tons of wheat flour from the residents' shares on the free markets at higher prices. Immediately after that, word circulated that "wheat flour in Tongchuan is expensively priced," thus causing public panic.

"Food is the first necessity of the people." The confusion in grain circulation has directly jeopardized social stability and is threatening the assured well-being of the masses. The "grain speculators" and "grain rats" hunting for grain are responsible to neither producers nor consumers. Especially in the future when the state's grain supply will remain strained, these people will further disrupt the market to seek exorbitant profits. Therefore, removing disorder in grain circulation is on no account anything that can be dispensed with.

Grain Prices Are Divorced From Their Value;

Wastage of Grain Is Scandalous To ensure that city dwellers live a secure life, the state has subsidized the grain earmarked for residents and university and college students on a ration scheme as well as some grain consumed for catering purposes, and it has tried its best to guarantee a secured supply for industrial grain. However, these interference measures are seriously violating the law of value and have given people a false impression that grain is invaluable, encouraging free spending and waste in grain.

Bucketfuls of leftover rice and sour steamed buns can be seen at all times in the canteens of many institutions and schools and some university students even used two tael of hot rice to wash their greasy bowls. According to a survey, each year dozen million [qian wan 0587 8001] kilograms of grain purchased at government prices were wastefully dumped into hogwash buckets by catering businesses in Beijing Municipality. This "enormously consumed" grain requires huge state subsidies to maintain its sufficient supply. In 1987, Beijing Municipality alone allocated 900 million yuan in grain subsidies.

Cheap grain also gives an opportunity for unlawful elements to exploit it to their advantage. Many city dwellers just know grain coupons can be exchanged for eggs and small commodities. They have hardly realized grain speculators can use the grain coupons in their hands to buy grain in large quantities at government prices and then resell it on the free markets for exorbitant profits. In Guangzhou City, during the May-September period, the grain security unit and market control team alone seized 130,000 kilograms of grain intended to be shipped out to places other than the city. Apparently, the large profits snatched by these traders come from state financial subsidies.

The current abnormal grain prices have resulted in the loss of control in the country's industrial grain. Last year, wineries, big and small, "ate up" 10 billion kilograms of grain. The statistics provided by an authoritative department proved: Last year, industry "ate up" 3.47 billion kilograms of low-priced grain.

With Regard to Feeding the People, Problems in Grain Management and Consumption Cannot Be Neglected to the Slightest Degree

Our country is large, with a population of 1 billion people and an average per capita share of less than 1.5 mu of land. It is impossible for us to entirely depend on imported grain as a means of livelihood, not to mention the current reductions in world grain output that have hiked grain prices. This being the case, when it is difficult to increase the yield per unit area of grain by a wide margin in the short term, on no account must we treat lightly the problems cropping up in grain management and consumption.

Recently, while starting to rationalize grain prices gradually, the state has put chemical fertilizers, pesticides, and plastic sheeting under exclusive state control and decided that rice should be purchased by grain departments in a unified way. Moreover, the state has established a powerful leading group for the organization, allocation, and shipping of grain and laid down strict stipulations on the methods of redistributing grain traded at negotiated prices.

With regard to a small number of people engaged in grain departments who have violated laws and discipline, a responsible comrade from the State Council pointed out: "Firm disciplinary measures should be taken against them. Those who ought to be dismissed from their posts must be dismissed; those who ought to be discharged from public employment must be discharged; and those who have violated the criminal law must be punished according to law. We must on no account be soft on them."

It must be pointed out that to ensure city dwellers' well-being, despite of very great financial difficulties, the state still announced: The prices of city dwellers' grain shares and industrial grain which has a bearing on market retail prices will not be raised and grain coupons will not be discontinued. Undoubtedly, this announcement has helped set the minds of consumers at ease. All city residents, students, and military personnel should make allowances for the state's difficulties and give the spare use of grain an important position.

Price Reform for Farm Products Urged
OW2212022888 Beijing GUANGMING RIBAO
in Chinese 3 Dec 88 p 3

[Article by Wang Zhenzhi, Wei Shaoliang, and Chen Xiaowei: "Ideas on Deepening the Price Reform of Farm Products"]

[Text] Since the beginning of price reform for farm products, which is based mainly on decontrol, contradictions between the old and new systems have intensified and many new problems have developed. For example, the procurement prices stipulated in contracts for commodities such as grain and cotton have been too low; new irrationalities have appeared in the internal price parity of farm products; some prices have fluctuated too sharply; and the "scissors gap" between industrial goods and farm products has widened further. The causes for these are: first, the situation concerning the supply and demand of farm products is tense; second, macroeconomic control has been lost; third, the new system and mechanism for administering prices have not been established; and fourth, the opportunity costs have risen. Looking at the aforementioned causes, one will notice that some of them are the result of the loss of macroeconomic control, requiring more effort toward improving the economic environment and rectifying the economic order. However, the key point basically lies in solving the issue of inadequacy in the total supply of

farm products. Only by continually increasing the volume and bringing about a supply and demand balance can there be stability in the general price level. As a result, we must not only deepen the price reform but also closely coordinate it with reforms in other relevant fields.

Smooth Out the Price Structure of Farm Products

There are two options for smoothing out the price structure of farm products. The first is to decontrol all prices and subject them completely to market regulation in order to establish a market price structure. Under the present conditions of lost macroeconomic control, an imperfect market, and friction between the new and old systems, this option could possibly result in a sharp rise in prices or cause them to fluctuate wildly. It is also harmful to the stable development of agriculture. The other option is adhering to the policy of "combining adjustment with decontrol, based mainly on the latter," carrying out the planned adjustment of contract procurement prices which are too low; continuing to decontrol prices where supply and demand are in equilibrium; and taking steps to strengthen macroeconomic control over prices that are already decontrolled. These will enable prices which are decontrolled to stabilize gradually through market regulation, and those fixed and guided by the state to reflect the laws of value and supply and demand more sensitively, thereby narrowing the gap between planned and market prices and making the internal price parity more rational. We believe that the second option is more workable in view of the present low standard of China's agricultural productive force and the contradictions and tense situation between supply and demand. The specific countermeasures include:

1. Reform contract procurement prices, beginning with grain. Looking at the nation as a whole, the price relations of contract procurement prices for products such as grain, cotton and oil-bearing crops are essentially rational, but the gap between the contract procurement prices of these products and those of the market is too wide. Compared to prices of decontrolled products, the gap is even wider. Therefore, to resolve the issue of inadequate contract procurement prices, we should begin with grain. On the basis of appropriately raising grain prices, all localities can, in accordance with their particular circumstances and based on rational price relations between grain and other primary farm products, appropriately adjust the procurement prices of these products.

2. Effectively control the wild fluctuation of prices. After freeing the procurement prices, many of them have reacted more flexibly to supply and demand changes in the market and peasants have begun to coordinate production with price signals. During the decontrol process the prices of some products have fluctuated widely, owing to the short-term influence of supply and demand. We believe that the decontrol of some prices to find their market level should include prices negotiated between

farmers and industrial and commercial enterprises as well as prices in the free market. This can prevent sharp fluctuations in production and price.

3. Resolve the inverse relationship between procurement and marketing prices of foodstuffs. The present contract procurement price for grain and oil-bearing crops is nearly double the 1966 price, but the price of grain rations for urban residents has remained at the 1966 level. Owing to this prolonged situation, many problems have arisen. First, subsidies for foodstuff procurement have been rising yearly, thereby increasing the burden on the state budget. The price discrepancy also has created difficulties for regulating surpluses and shortages, as well as commodity circulation among different regions. It also has been detrimental to the rational adjustment of the structure for agricultural production. It must be affirmed that it is not advisable for the state to scrap appropriate foodstuff subsidies altogether because, under certain historical circumstances, it is necessary to ensure the stability of commodity prices and the people's livelihood. China is not the only nation to provide grain subsidies, but the scope is getting wider and wider and the amount needed for subsidies is increasing. As a result, the negative effects of subsidies are becoming more conspicuous. If subsidies are not brought under control and cut back, they will affect improvement of the budget situation and prevent the whole economy from taking off.

Stabilize the General Price Level of Farm Products

Smoothing out the farm product price structure will, without doubt, promote the expansion of agricultural production. But this is not the only way out. In gauging the price level we must not only consider reasonable profit and compensation for production costs but also comparative return. The direction of investment for capital, labor and land in the countryside is decided by the level of return. Relying on raising prices is inadequate. We must resolve the problem at the root. The key to this lies in thoroughly improving the present backwardness of agricultural production, raising the level of labor productivity and commercialization, and increasing the total volume of farm products to ensure the basic stability of prices. This requires the state and peasantry to increase investment for agricultural production. One of the important elements affecting investment by the peasantry is the issue of property rights.

Land in rural China is owned by collectives. For a long time, the peasantry have engaged in agricultural production on land owned by collectives, who also owned the products. After the implementation of the output-related household contracted responsibility system in 1978, the peasant households were accorded management right over the contracted land but not the ownership, although the duration of the contract were stipulated. As a result negative factors began to develop. First, peasants look only for short-term benefits, are reluctant to invest in the land, and pursue only predatory operations. Second,

uncultivated land has begun to appear because some peasants who are unwilling to engage in farming and have become entrepreneurs, service or factory workers, are holding on to their land for rainy days, and are reluctant to let others till it. Third, illegal occupation of land for housing construction has been widespread, causing a lot of farmland to be wasted. The aforementioned situations are issues worthy of attention. The methods of reform include:

1. Reform the property right of land in the countryside to overcome the lack of ownership. There are two options: First, clearly define ownership by peasant households and implement the free transfer of land. However, if land is owned by peasant households it may become difficult to administer when land is left uncultivated; second, strengthen the collective ownership system and issue peasant households long-term (with unlimited duration) management rights. In order to overcome the lack of ownership, we must set up organizations for administering the collective ownership of land in the countryside. They will be responsible for collecting rents and supervising the proper management of farmland. After having management rights of unlimited duration in their possession, the peasantry will feel secure and be motivated in agricultural production. They will also be encouraged to increase input into agriculture. We believe that the second option is worthy of selection now.

2. Implement the policy of using land in rural areas with compensation. Basically, peasants in China do not pay for using farmland. The state only collects very small amounts of agricultural taxes from peasants. This is one of the causes for the serious waste of land, which is our most precious natural resource. To minimize nonproductive occupation and idleness of land, we should implement a compensation policy. Peasants should pay an absolute amount of land tax, which is equivalent to the current agricultural tax, to the state for use of farmland. In addition, a certain amount of land rent, based on the quality of the land, should be paid to the government. The amount of this rent should depend on the individual situation. Rent should be higher for good-quality land and in localities where natural conditions are good, and may be reduced for poor-quality land and in impoverished areas. This land rent may be collected as part of regulatory or resource taxes.

3. Large-scale farming should be developed gradually. In areas where conditions permit, large-scale farming should be developed gradually in order for land to be more concentrated for use, and family farms expanded to such a scale that new farming technologies are applicable. This will not only facilitate agricultural modernization but also will help raise agricultural productivity and contribute to resolving the insufficient supply of agricultural products, thereby basically maintaining stability of general price levels.

Bring Market Mechanism Into Full Play

Deepening the price reform of agricultural products should be accompanied by the development of agricultural product markets. The price reform of agricultural products is the key to creating and developing agricultural product markets. However, in order to enable the price reform of agricultural products to play a role in boosting production, facilitating circulation, and guiding consumption, and in order to make the supply of and demand for agricultural products more stable, we must further improve market mechanisms.

1. We should truly lift control over the market and prices so that business can be done according to market situations and prices will be determined by market conditions under macroeconomic control. Experience in the last few years has proved that regional market blockades and trade protectionism brought by the dual-channel system for the circulation of agricultural and sideline products have seriously hampered market development. The way to deal with this situation is handling things according to the law of value, truly regard agricultural and sideline products as commodities, and truly lift control over the market and prices. Things that ought to be decontrolled should be truly decontrolled, and things that need stricter management should be managed properly. The specific steps for carrying out this work are: further reduction of regulations on contract and price-limited purchases, and let contract purchases be regulated by the market; further expand the portion of purchases and sales at negotiated prices; further raise the purchase prices for those agricultural and sideline products that do not meet contract purchase quotas; and gradually narrow the gap between market prices and contract purchase prices in order to provide incentives for increasing supply, which in turn will reduce the problems in current contract purchase of agricultural products. This is both a basic step for developing markets and expanding market mechanisms, and a key to deepening the price reform of agricultural products.

2. We should improve the market structure to allow coexistence of varied circulation channels. We should continue to reform state-run stores and supply and marketing cooperatives, and make them more market oriented in order to enable them to gradually improve their internal mechanisms in the course of competition. In addition, we should make greater efforts to form an intermediate circulation organization, and establish mechanisms for stabilization and risk-sharing. Government may improve current backward business transaction practices by developing modern wholesale and futures markets of agricultural products. These wholesale and futures markets are stable and efficient circulation channels which will stabilize market conditions and reduce transaction costs. Of course, at the current level of market development in China, it is hard to form futures markets like those in Western countries. However, it is feasible now to build wholesale vegetable markets, restore traditional grain markets, and gradually

develop futures markets of cotton, pigs, and other commodities in big cities. In addition, cooperative circulation organizations run by the people, particularly peasants, should be gradually developed on the basis of family ownership, in order to facilitate the development of and to improve the market system in rural areas.

3. We should establish reasonable market regulations and order by means of legislation in order to allow fair competitions. We should properly solve those problems concerning separation of government functions from enterprise management, regional market blockade, and monopolization. In general, circulation enterprises should not be given the power to distribute and transfer products. State-run stores and cooperative stores have the responsibility to regulate the market and therefore should be subsidized. If these stores are designated to purchase agricultural products at the lowest price limits, they should be provided with purchase bonuses. Solution to regional market blockades and monopolization should be based on reasonably regulating the economic interest relationship, including rationalizing the price system. This should be accompanied by efforts to deepen reform of the financial and foreign trade systems. At the same time, we should gradually establish reasonable transaction regulations in order to promote the use of currency and negotiable instruments in all business activities, and to make business transactions more open and protected by law. To maintain good market order, we should oppose the use of administrative privileges to disturb commodity circulation, and stop private profiteering, bureaucratic profiteering, and other practices that undermine normal circulation.

Drought Seriously Affects Vast Areas

OW2112214288 Beijing Domestic Service in Mandarin
2230 GMT 17 Dec 88

[Text] Currently, over 261 million mu of arable land in all areas of north and south China are hit by drought, a scene rarely seen for many years in the past. The Ministry of Water Conservancy has called for the masses in all places to immediately combat the drought.

On 17 December, a responsible person concerned of the Ministry of Water Conservancy met Beijing's reporters and briefed them on the trends of the developing drought in China. He said: Since October, precipitation has been scarce in most parts of our country, particularly in the winter wheat producing areas in north China, the middle and lower reaches of the Chang Jiang, and the eastern part of southwest China, precipitation is lower by an average of more than 50 percent compared with the corresponding periods of the past years. The water retained in China's 307 large water reservoirs in early December is also lower by 15.8 billion cubic meters compared with the corresponding period of last year. Compared with south China, north China is afflicted with an even more severe drought. In January-November 1988, Shandong's average precipitation was 37 percent lower than in an average year. Throughout the

province over 19,000 water reservoirs have now run dry; little water can be drawn from 120,000 wells and machine-operated wells; and over 4,600 rivers and streams have dried up on a long-term basis. The acreage of arable land damaged by drought has reached 66 million mu. Henan, Hebei, Shanxi, Shaanxi, Jiangsu, Zhejiang, Anhui, and Hubei are also afflicted with a severe drought.

The responsible person concerned of the Ministry of Water Conservancy said: If we do not solve the question of the present drought disaster, it will be very difficult to raise our grain output next year. He called on all provinces to spare no efforts to use the existing water conservancy facilities and expand the irrigated acreage for over-wintering crops. He also called for turning up the soil more times during the winter to lay good foundations for next year's spring farming.

Efforts in Improving Economy Yield Results

OW2112212788 Beijing Domestic Service in Mandarin
1030 GMT 14 Dec 88

[From the "National Hookup" program]

[Text] Data released by the State Statistics Bureau indicate that the CPC Central Committee's measures for improving the economic environment and rectifying economic order have been carried out. Some abnormal economic conditions have been changed. However, the excessive money supply and rapid price rises are still a salient problem.

As of the end of November, the examination of projects under construction had yielded results. The construction of some 9,500 projects had been either cancelled or postponed, resulting in a saving of 29.9 billion yuan. What is noteworthy is that various localities are still enthusiastic about carrying out new projects. There were more than 2,300 newly started capital construction projects, with each costing over 50,000 yuan, throughout China in November. This indicates that our task of restricting capital construction will be very arduous in the future.

November also saw a gradually stable market. The increase in the total value of retailed commodities was noticeably lower than that of the previous 2 or 3 months. It was relatively small, compared with other months except January this year. Although price rises have been slow, they are still relatively high. The index of workers' living cost in 32 large and medium cities rose 30.3 percent over the same month last year.

China's exports amounted to 4 billion dollars in November, while its imports were 5.6 billion dollars, resulting in a trade deficit of 1.6 billion dollars, the largest monthly trade deficit recorded this year.

China's domestic state revenue in November increased 30.1 percent over the same month last year, while its expenditure increased 6.8 percent. However, the expenditure still exceeded the revenue. The urban and rural residents' balance of savings deposits amounted to 36.86 billion yuan, 6.4 billion more than the previous month.

Most parts of China recorded slow industrial growth in November. Only Sichuan and Shandong Provinces still recorded fast growth.

Article Discusses, Compares Inflation Strategies

OW2212003788 Beijing GUANGMING RIBAO
in Chinese 3 Dec 88 p 3

[Article by Wu Zhen (2976 6966): "Personal Income Subsidies Under Inflation"]

[Excerpts] The purpose of adjusting a person's wages is to ensure that his income does not drop as prices rise. The three principal methods of compensation are: 1) subsidize prices; 2) raise nominal income by raising pay and increasing bonuses; and 3) introduce an index system linking nominal wages to prices. [passage omitted] Which method is best? It depends on the cause and scope of the inflation, how long it lasts, and our financial capacity to deal with it. If the scope is relatively small, such as a one-time price readjustment of several products that will not cause a chain reaction, the proper compensation should be price subsidies.

This method, however, is not suitable, as all-round, sustained price increases will recur. Compensating personal income by raising wages or adding bonuses is even worse. First, wages and bonuses are, theoretically, payment for labor, and increases hinge upon increased productivity. If inflation compensations are made through increased wages and bonuses, staff members and workers will then demand additional compensation for income lost to inflation. As for the enterprises, they will give out bonuses indiscriminately using the excuse of compensating for lost personal income due to inflation. Second, wage and bonus compensation for income reduced by inflation cannot solve the problem of compensation for retirees. Therefore, in an inflationary economy, linking wages to prices is a relatively better method. [passage omitted]

There are two possible price indexes: living expenses or consumer goods entailing the basic means of livelihood. Theoretically the living expense index suits compensation requirements best, because this index enables people at all income levels to be compensated for price increases. The consumer goods index includes both essential and non-essential daily consumer goods. Adoption of the living expenses index as a compensation criterion would mean that we regard existing consumption patterns as rational standards. Therefore, we should use the index to the basic means of livelihood [as published] as the criterion for compensation.

As for which part of the wages should be linked to the price index, I think that instead of linking total wages we should link the basic living expenses to the price index of the basic means of livelihood. A large portion of worker's wages today is actually a subsidy for increased prices; if total wages are linked to the price index covering consumer goods, it will constitute double compensation. If compensation is linked to the basic living expense index, it will ensure that basic living standards in all strata of society will not drop as a result of price increases. As for retired personnel and people awaiting work, their pensions and unemployment allowances should be linked to the index.

Minister Sees Material Shortages Easing
HK2212130188 Beijing CEI Database in English
22 Dec 88

[Text] Beijing (CEI)—Liu Suinian, minister of materials, said that China's short supply of materials this year will be eased next year.

This is due to the government's present tight economic policies, such as reducing investments in fixed asset, controlling growth rates of non-production spendings and the lines of the commercial loans in addition to the rise of production of raw materials, Liu said at the national conference on steel pre-distribution and product-ordering for 1989 that has just ended.

He said the severe short supply of steel, general electromachinery equipment, cement, glass, bricks and tiles, sand and stones will be alleviated substantively. Timber supply will be improved if better transportation is arranged to send timber from the northeast.

He added that after three factories for alkali start production next year and if the salt supply is better, the poor alkali supply in recent years will be greatly improved.

The most severe problem remains in the market for several plate materials, copper, aluminum, other non-ferrous metals and chemical materials, he said.

This is because of the existing poor industrial production structure in the country and the situation will be likely to remain unchanged in the next few years. On the other hand, the import of these materials will not be increased due to the shortage of foreign exchange, he said.

However, he was optimistic that certain short-supply products will be increased next year, especially the cold-rolling steel plates. He disclosed that the Baoshan Iron and Steel complex will increase the production of cold-rolling plates by 300,000 to 400,000 tons next year.

'Priority Policy' for Popular Consumer Goods
HK2212092988 Beijing CHINA DAILY in English
22 Dec 88 p 2

[By staff reporter An Weihong]

[Text] The Ministry of Light Industry says it is determined to increase production of popular consumer goods next year to meet booming demand.

A "priority policy" has been worked out, and details are being finalized at a four-day national conference which began in Beijing on Tuesday attended by leading figures in the field.

Under the new policy, development growth rate will be kept down to 10 percent in 1989, compared with 16 percent this year, said vice-minister Xiao Yongding in a special report at the opening ceremony.

"The limit on growth rate means we will have to cut back on production of some goods that are unpopular or of poor quality. We shall also reduce the output of goods which consume a lot of energy or grain, or create pollution problems," he said.

But the output of popular goods will be stepped up, as will production and supplies of raw materials.

"In short, we will concentrate our efforts and funds on increasing production of those goods that are expensive, in demand and generate more foreign exchange income," Xiao said.

He added that when supply was insufficient to meet domestic and export market demand, the domestic market would be guaranteed.

Although the government has pledged greater support for light industry and increased supplies of energy, raw materials and transport, Xiao said next year's production environment outlook was "not very optimistic." He added: "It takes more than a year to achieve a general improvement in a country's economic environment and straighten out the market order."

According to figures released in Xiao's report, total light industrial output value is expected to reach 215 billion yuan this year.

Total profits and taxes generated by the nation's more than 40,000 light industrial enterprises are expected to be up by 19.9 percent.

Record output figures were achieved in the following major products: plastic film for agriculture, 470,000 tons; refrigerators, 7.4 million; electric fans, 44 million; beer, 6.5 million tons; canned food, 1.9 million tons; and salt, 21.5 million tons.

But Xiao pointed out that these good results came from what he called "a falsely thriving market." He said numerous panic buying sprees throughout the country had upped prices of almost all the commodities.

Rapid price rises for raw materials and energy had also meant increasing shortages of such essential light industrial products as paper, sugar, salt, soap, matches and enamel.

Light industrial exports are also expected to show a big increase this year.

Total export volume for 1988 is estimated at 24 billion yuan, 20 percent more up on 1987. Export earnings have been projected at between \$7.5 billion and \$8 billion, another 20 percent increase.

The biggest increases in export items came in household electrical appliances, shoes, sewing machines, wrist-watches, electric fans, ceramics, carpets and toys.

Construction Industry Problems Assessed

HK2112142188 Beijing JINGJI RIBAO
in Chinese 28 Nov 88 p 1

[Article by reporter Mao Tie (3029 6993): "The Construction Industry Faces New Choices"]

[Text] The winter of 1988 is coming.

Last year, the total investment in fixed assets in our country amounted to 351.8 billion yuan, and the number of workers in the construction industry throughout the country totalled 18,637,000. If civil engineering projects normally account for 55 percent of the investment in fixed assets, the annual output value per capita in the construction industry in 1987 was about 10,000 yuan.

Next year, the total social investment in fixed assets will be reduced by at least 50 billion yuan. This means that at least 2.5 million construction workers will have to shift to other trades.

I.

In 1978, the construction industry in our country only employed 8,562,000 people; by the end of 1987, the number of workers in the construction industry increased by 10 million. The most prominent fact was the rise of the construction teams composed of peasants.

After 1978, more than 2 million peasants left their home villages and for the first time entered the urban construction industry.

They carried simple luggage and appeared in the streets of various cities. These bare-handed peasants were ignored by the state-owned enterprises that had much greater economic strength.

However, more and more peasants came to realize the secret of getting rich in a few years, that is, to engage in the construction industry. In 1983, rural and collective construction teams completed 60 percent of the total floor space of new construction projects in the whole country. The development of rural construction teams provided an outlet for the surplus labor in the countryside, and also contributed to the prosperity of cities and rural areas. At the same time, this also led to the reform of the construction industry.

On 26 March of 1984, at a routine meeting of the State Council chaired by then Premier Zhao Ziyang in Zhongnanhai, the leaders listened to a report about the development plan for the construction industry, and the premier pointed out that peasant construction teams should be allowed to undertake contracts in cities.

By the end of 1987, the size of rural construction teams had outgrown the state-run construction companies. The state-run construction companies employed a total of 6,392,000 workers; collective enterprises in cities and towns employed 4,059,000 workers; but the rural construction teams employed a total of 8,284,000 people. The managers of the state-run companies also acknowledged the strength of the peasant construction teams.

However, the rapid swelling of the construction teams also brought worries to more and more people.

At present, many construction enterprises find that they have surplus labor and it is hard to seek sufficient construction jobs for their workers. Competition on the construction market throughout the country is getting more and more intense.

Wang Mingsan, director of the Production Planning Section of the Jiangxi Provincial Construction Corporation, told this reporter: Between 1985 and 1987, investment in capital construction in Jiangxi Province increased by 21 percent, but the number of workers hired by local construction teams and workers of construction teams from other provinces increased by 73 percent. Obviously, there were too many workers and too few jobs. Jiangxi's construction teams also had to seek jobs in other provinces, but the situation in other parts of the country was the same: There were no adequate jobs being shared by so many workers.

In order to grab the construction contracts, they had no choice but to vie with each other in offering as low a price as they could. When people enter a bid, only one of them will win and others will fail. It seems that no matter how low a price is offered, the rural construction teams can always make a profit. This just drove the managers of state-run construction companies to an awkward predicament.

II.

The intense competition and the relative shortage of jobs on the construction market also gave rise to rampant irregularities.

Shanghai Vice Mayor Ni Tianzeng admitted in a report that in order to seize the construction contracts, some construction enterprises had no qualms about giving large amounts of bribes to the responsible personnel of the units that were to have something built. The would-be construction contractors not only gave money and gifts, but also arranged leisure tours. The irregularities became more and more serious. For example, the responsible person of the Arrangement Group of the Zhengjiaxiang Housing Construction Project in Shanghai contracted the construction project to a company from another province, and he took a bribe of more than 24,000 yuan. Shanghai began to rectify the construction market in November of 1987, and examined more than 1,500 construction projects. So far, the authorities have found more than 1,700 cases of violating the regulations concerned and violating discipline and laws, and the money involved in these cases amounted to more than 17.8 million yuan.

Yu Zhijian, vice minister of construction, recently pointed out that a rather serious disorderly condition existed in the construction market in our country. In the past 2 years, 785 serious criminal cases were discovered in 25 provinces and autonomous regions, and they involved bribery totaling 8.15 million yuan.

A state enterprise manager said: Those that won construction contracts through bribery were mostly rural and collective enterprises. State enterprises were constrained by strict financial discipline and could not freely do this. In this regard, the state enterprises had no way to compete with the rural and collective teams. He then also admitted in private that in order to win a contract, they sometimes also had to adopt some "countermeasures." Then, what money could they use to pay the "commissions" and to build the "connections"? First, the cash held by the worker canteen; second, the income from selling the secondhand construction equipment on the construction sites; third, the expenses for business travels; fourth, wages paid to temporary workers; and fifth, bonus cash from some urgent tasks. He said that they were forced to turn to such irregular practice; otherwise, his workers would not be able to feed themselves and their families. Even so, they still could not match the township and town enterprises.

Between January and June this year, 618 state construction enterprises in the whole country incurred business losses, or 221 more than the end of last year. The proportion of loss-incurring enterprises increased from 10.5 percent to 17.3 percent. The ratio of output value to profits also declined by 1.6 percentage points. In Shanxi, Nei Mongol, Tibet, Qinghai, Ningxia, and Xinjiang, and in the Ministries of Astronautics Industry and the State Building Materials Bureau, all construction companies were run in the red.

III.

Next year, the construction enterprises, especially those owned and run by the state, will face an extremely stern test.

Some people said that this is an opportunity to solve the excessive swelling of the construction industry. As there are no sufficient jobs in this industry in many localities, peasants still continuously join the construction teams. If the construction teams continue to swell, there will certainly be bad consequences.

However, how should we tide over the difficulties and arrange millions of redundant construction workers? There are different ideas:

The first idea: All localities take measure to protect their local construction enterprises. In reality, many localities have done so. A city charged various fees in order to expel the construction teams from Jiangsu. This city first charged a deposit equivalent to 5 percent of the cost of the construction project, and then charged 25 percent of construction management fee. This city also stipulated that all construction teams from other provinces had to pay 10 yuan per worker per month as the urban construction management fee. It used these measures to create some advantages for local construction enterprises in the business competition.

The second idea: As about 5 million to 6 million construction workers in cities came from the countryside, policies should be formulated to send the peasants home. In the winter of 1960, the capital construction investment was reduced from 33.87 billion yuan to 12.74 billion yuan in 1961, and to 7.13 billion yuan in 1962. At that time, large numbers of construction workers were redundant. The number of construction workers was reduced from 5.573 million to 1.933 million. Most of the workers from the countryside were sent home.

The third idea: The peasants who entered cities to engage in construction have played an important role in making the urban and rural economy prosperous, invigorating the construction industry, and promoting the reforms in this industry. For example, in Jiangsu Province, the construction industry has become one of the industrial pillar to support economic development in this province. There, 1.3 million workers are employed in the construction industry, and only some 70,000 of them are employed by state-owned construction companies and some 130,000 are employed by large collective construction teams at and above the county level. That is, as many as 1.1 million construction workers in Jiangsu are employed by rural construction teams. So these construction teams should be treated equally and should be allowed to freely compete with the state-owned and collective construction teams. Their existence should be naturally determined by the market force.

The year 1989 will soon come, and various localities have begun their work in cutting down on the size of investment in fixed assets. What should the construction industry do when facing this situation? The 18.7 million cadres and workers in this industry are thinking.

Ministry Decision Adversely Affects Tourism
*HK2112150988 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0900 GMT 13 Dec 88*

["Tourism in China Faces an Industrywide Depression"]

[Text] Beijing, 13 Dec (ZHONGGUO TONGXUN SHE)—The order issued by the Ministry of Railways to cool down the "tourist craze" amounts to having the tourist trade by the leg, exposing managers, big and small, of travel agencies in China to the forthcoming tradewide depression.

In mid-November, the Ministry of Railways issued a circular demanding all stations to suspend the booking service for touring parties. As a consequence, the travel agencies can no longer get passenger tickets as planned through normal channels. This practice exposes the travel agencies to the danger of going out of business. The managers, who are heavyhearted, are at a loss as to what to do.

The insider said there is good reason for the decision of the Ministry of Railways. At present, the passenger trains are increasingly overloaded. Almost all carriages are overcrowded and the air is foul. It is very difficult for the passengers to get drinking water or get to the toilet. Accidents are frequent and hidden troubles are evident.

Since the prices of civilian plane tickets were readjusted upward by a big margin, the passenger trains have been all the more overloaded, because many tourists changed to the train.

Many managers of travel agencies found it hard to understand the decision. They maintained that the main reason for the strain on the train capacity is the frequent national conferences rather than the package tours organized by travel agencies. It usually takes 1 or 2 days for the representatives to attend a national meeting, but they take 3 to 4 days to travel around.

Some figures in the tourist trade are doubtful as to whether the measure taken by the Ministry of Railways will really hold the tourist furor in check. A manager who refuses to be identified told this reporter, the tourist agencies, in consideration of their "livelihood," will continue to do their business, and people are now crazy about tourism. This is something independent of man's power. If people cannot get tickets at the "front door," they are to vie with one another to get them by the "back door," and a rampant black market ensues. They, touring services, strongly appealed to the authorities to prevent those meeting participants from touring the country by taking advantage of their opportunities, and to protect normal tourism.

East Region

Lu Rongjing Addresses Anhui Trade Union
OW2212005788 Hefei Anhui Provincial Service
in Mandarin 1100 GMT 17 Dec 88

[Excerpts] The Eighth Congress of the Anhui Provincial Council of Trade Unions opened in Hefei on the morning of 17 December. Lu Rongjing, Wang Guangyu, Shi Junjie, Fu Xishou, Meng Fulin, Yang Yongliang, Liu Guangcai, Wang Shengjun, (Xu Lei), Shao Ming, (Chen Guanghua), Su Hua, Zheng Rui, Ma Leting, (Chen Xuxian), and Yang Zhenyi, party, government and army responsible comrades of the province; and 593 delegates attended the opening.

The opening ceremony was presided over by (Bien Guofu), secretary of the Party Group of the Provincial Council of Trade Unions. [passage omitted]

Lu Rongjing, secretary of the provincial party committee and governor, delivered a speech at the meeting.

[Begin Lu Rongjing recording] Comrades, the Eighth Congress of the Anhui Provincial Council of Trade Unions is now solemnly opened. On behalf of the Anhui Provincial CPC Committee and the Anhui Provincial Government, I would like to extend warm congratulations to the congress, [applause] and extend cordial greetings and lofty salute to all delegates to the congress, model and advanced workers and trade union workers in all fields, and all worker comrades in the province. [applause] Since the 3d Plenary Session of the 11th CPC Central Committee, the people and the workers in all fields in the whole province have not only personally experienced economic prosperity, a higher living standard, and the development of social stability and unity and democracy, but also plunged themselves into and supported the current reform with high enthusiasm.

By giving greater scope to the vanguard role of the working class, we have made positive contributions to the cause of reform and construction in Anhui. Enterprises are the producers of social wealth, and the workers are the masters of the enterprises. In the final analysis, whether we can overcome various kinds of difficulties in the course of reform and construction and speed up economic development will depend on whether we can strengthen the reform of the enterprises and raise economic results. The success or failure of the enterprises will depend on the concerted efforts of the entire body of our workers, including those of the younger generation. It is necessary to conscientiously implement the Enterprise Law and effectively strengthen democratic management at all levels. All enterprise leaders should respect the workers' democratic suggestions and accept their positive (?criticism). [end recording]

Comrade Lu Rongjing went on:

[Begin Lu Rongjing recording] Trade unions at all levels should combine the protection of the overall interests of the state with the protection of the interests of the

workers, correctly handle the relations (?between the state, the collective, and the individual), and do a still better job in giving expression to and protecting the personal interests of the workers. While promoting their own reforms, [words indistinct] [end recording]

In conclusion, Comrade Lu Rongjing said:

[Begin Lu Rongjing recording] Comrades, our country is at a historical turning point. The working class in our province is shouldering the heavy task of promoting the four modernizations drive and invigorating Anhui and China. Trade union organizations at all levels should, under party leadership, unite the workers and lead them to carry forward the glorious traditions of the working class, advance in high spirits, and make still greater contributions to the cause of reform and construction in our province. [applause] [end recording]

Liu Gan, chairman of the provincial Council of Trade Unions, entrusted by the Council's Seventh Committee, delivered a work report. The report is entitled: Push the Reform of the Trade Unions and Unite All Workers in the Province To Make New Contributions in Strengthening Comprehensive Reform and in Construction. [passage omitted]

Congratulatory speeches were delivered at the meeting by representatives of the provincial CYL Committee, provincial Women's Federation, provincial Science and Technology Association, provincial Federation of Literary and Art Circles, provincial Federation of Returned Overseas Chinese, provincial Federation of Taiwan Compatriots and provincial [words indistinct] and the PLA.

Xiamen Cracks Down on Corruption
OW2212042488 Beijing XINHUA in English
1309 GMT 21 Dec 88

[Text] Xiamen, December 21 (XINHUA)—The people's procuratorate of Xiamen City in Fujian Province has recently uncovered four major cases of embezzlement and bribery, Chief Procurator Lin Zhizhong said here today.

Involved in the cases are Li Hongxiao, deputy manager of the East District Power Supply Company, who is accused of taking 70,000 yuan of bribes; Zhou Jun, an accountant at the Xiamen branch of the Bank of China, and Chen Xinyi, manager of the Jintai Trade Company in Xiamen, who are accused of embezzling 980,000 yuan of public funds; Chen Guoqiang, business manager of the Zhonghua Trade Company, who is accused of embezzling 289,000 yuan; and Lin Ronghua, deputy director of the Xiamen highway engineering department, who took bribes worth of 21,200 yuan.

As Lin Ronghua surrendered himself to the judicial department and handed in the money, he has been given leniency, and the procuratorate will soon institute proceedings against the other three, the chief procurator said.

He said since the procuratorate set up a center for accusation against corruption on August 31, it has received 98 reports against embezzlement and bribery, including three from Hong Kong and Taiwan.

He said the procuratorate will step up its efforts to crack down on corruption so as to create a sound environment for the growth of the Xiamen special economic zone.

Mao Zhiyong Attends Jiangxi Women's Meeting
OW2112164988 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 16 Dec 88

[Text] The Seventh Jiangxi Women's Representatives Meeting ended today after having successfully fulfilled preset tasks. Provincial party, government, and military leaders including Mao Zhiyong, (Ma Shichang), Zhao Zengyi, Xu Qin, Chen Guizun, Wang Guande, and veteran Comrades (Wei Xiuying), Zhu Danhua, and Liu Bin attended the closing meeting.

After careful examination, women representatives passed the working report presented by (Duan Hemei) on behalf of the Sixth Executive Committee of the Provincial Women's Federation. They elected the 102-member Seventh Executive Committee of the Jiangxi Provincial Women's Federation. At the meeting, (Duan Hemei) was elected chairwoman, and (Yu Yumei) and (Chen Guanghua) were elected vice chairwomen of the Seventh Executive Committee of the Provincial Women's Federation.

The meeting commended 10 winners of the Women Heroine Awards for displaying the spirit of the nation and the era; also commended during the meeting were 10 who received Pacesetter Awards, 500 Women Red-Banner Pacesetters, and 50 Women Red-Banner Pacesetter Collectives.

Power Generating Unit Opens in Shandong
HK2112103988 Beijing CEI Database in English 21 Dec 88

[Text] Jinan (CEI)—A 300,000-kw generating unit went into operation in Shandong Province on December 16. It is another generating set assembled at the Shiheng Power Plant after the Longkou Power Plant's 200,000-kw generating set and Zouxian power station's 300,000-kw set went into operation four days ago. These, together with the Longhon plant's another 200,000-kw generating unit that was put into production early this year, have added one million kw generating capacity to Shandong Province this year.

Liang Buting at Shandong CPC Congress Presidium
SK2112123088 Jinan Shandong Provincial Service in Mandarin 2300 GMT 20 Dec 88

[Text] The presidium of the fifth Shandong Provincial CPC Congress held its second meeting at the banquet hall of the club of Jinan's Nanjiao Guesthouse on the morning of 20 December. Comrade Lu Maozeng presided over the meeting. Comrade Liang Buting, entrusted by the Standing Committee of the fourth provincial party committee, gave an explanation on the proposed plan for choosing candidates for the preliminary elections of members and alternate members of the fifth provincial party committee, members of the provincial Advisory Commission, and members of the provincial Discipline Inspection Commission. The meeting approved the namelists of the preliminary candidates for the members and alternate members of the fifth Shandong Provincial CPC Committee, members of the Shandong Provincial CPC Advisory Commission, and members of the Shandong Provincial CPC Discipline Inspection Commission, as proposed by the Standing Committee of the provincial party committee. It also decided to submit the namelists to various delegations for discussion in the afternoon. It also approved in principle the draft electoral methods of the fifth Shandong Provincial CPC Congress. Elections at this congress will be held through secret ballots. Members and alternate members of the provincial party committee and members of the provincial Discipline Inspection Commission will be elected officially from the same number of candidates after preliminary multicandidate elections. Members of the provincial Advisory Commission will be elected from the same number of candidates. The numbers of the candidates for the preliminary elections of members and alternate members of the provincial party committee and members of the provincial Discipline Inspection Commission are 10 percent or more over the numbers of those to be elected.

Shanghai Leaders at Memorial for Huang Yifeng
OW2112164488 Shanghai JIEFANG RIBAO in Chinese 13 Dec 88 p 1

[Excerpts] Comrade Huang Yifeng, outstanding member of the Communist Party of China, long-tested and loyal communist fighter, noted social scientist and former honorary president of the Shanghai Academy of Social Sciences, died of illness at 1540 on 27 November 1988 in Shanghai at the age of 83, despite medical treatment. A ceremony to pay last respects to the remains of Comrade Huang Yifeng was held at the Hall of Longhua Funeral Home in Shanghai yesterday afternoon.

Wreaths were sent by the Shanghai Municipal CPC Committee, the Standing Committee of the Shanghai Municipal People's Congress, the Shanghai Municipal people's government, the Jiangsu Provincial CPC Committee, the Dongtai City CPC Committee, and other organizations. [passage omitted]

Municipal party and government leaders and responsible persons of concerned departments attended yesterday's ceremony, including Jiang Zemin, Zhu Rongji, Zeng Qinghong, Zhao Qizheng, Chen Guodong, Hu Lijiao, Wang Daohan, Wang Yiping, Xia Zhengnong, and Yang Shifa. [passage omitted]

Chen Zhili, head of the Propaganda Department of the Shanghai Municipal CPC Committee, presided over the ceremony. Yang Di, deputy secretary of the Shanghai Municipal CPC Committee, gave a report on Comrade Huang Yifeng's life and deeds. [passage omitted]

Central-South Region

Guangzhou Holds Forum on Spratly Islands

OW1812203188 Beijing XINHUA in English 1617 GMT
15 Dec 88

[Text] Guangzhou, December 15 (XINHUA)—A forum in memory of the forty-second anniversary of the recovery of the Nansha [Spratly] Islands closed here today.

The Nansha Islands were recovered from under Japanese occupation on December 12, 1946 by the then Chinese Government.

The two-day meeting was attended by former Kuomintang generals and senior officers from the People's Liberation Army.

Speakers at the forum pointed out that the islands have been Chinese territory since ancient times, and they hoped Taiwan and Mainland troops would join hands in defending the integrity of Chinese territory.

Shenzhen Authorities Track Illegal Residents

HK2212044388 Hong Kong HONGKONG STANDARD
in English 22 Dec 88 p 6

[By Tammy Tam]

[Text] Shenzhen authorities have begun the task of expelling 100,000 illegal residents from the city, a Shenzhen official said yesterday.

However, he admitted it would be a hard job. "These people are everywhere, doing all kinds of jobs," he said. "We don't know exactly where they are, we need the cooperation of the employers."

The official, who declined to be named, explained: "It is to keep the economic and social order of the city.

"All units, especially joint venture ones, are asked to report to the Shenzhen Public Security Bureau the names of their non-Shenzhen resident employees.

"Anyone employing an illegal resident without reporting to the authorities will be fired.

"An official from the Shenzhen Public Security Bureau appeared on TV last weekend to explain the move," he added.

The illegal residents are commonly called the "three nos people"—no ID card, no permanent job and no residence card. They are also called "Africans" or "black people" by local residents.

"Shenzhen has attracted thousands of people from all parts of the country ever since it became a special economic zone," the official said. "There are now more than 32,000 people with temporary residence cards besides these 100,000 'three nos' people.

"Many of them helped develop the special economic zone, but an increasing influx of them is also causing social problems such as crimes and food shortages in the city."

The crime rate in the province had increased over the past few months, according to the Guangdong Public Security Bureau.

The move to oust illegal residents was part of a province-wide drive, the official said, and was aimed at resolving the grain shortage and maintaining order.

"The grain supply of Shenzhen depends mainly on the support of other cities and provinces," he said. "Shenzhen government has no surplus for these illegal residents.

"They go to the black market to buy grain, causing confusion in the local market."

Non-residents with temporary residence cards are allowed to work in Shenzhen but are not eligible for the rice quotas provided for locals.

If units needed extra workers the Shenzhen Public Security Bureau would alter quotas accordingly.

It is difficult for employers to apply for a temporary residence card, according to Mr Yang, a joint venture official. "To save their energy, many employers, especially those medium- and small-size enterprises usually confirm the employment of people from other places without applying for temporary permission for them," he told THE HONGKONG STANDARD.

As the expulsion drive heats up employers, especially Hong Kong businessmen, are worrying about a possible labour shortage.

Guangxi's Chen Huiguang Receives Central Press
HK2212080488 Nanning Guangxi Regional Service
in Chinese 1100 GMT 19 Dec 88

[Excerpts] Regional party committee Secretary Chen Huiguang received reporters of the central press team to express his thanks to them for their all-out support in covering the region's activities celebrating the 30th anniversary of its founding.

Chen Huiguang said that the reporters of central press units have been working hard and very seriously in their coverage of the current celebrations. He said that they have turned out many high-quality reports that have enabled people at home and abroad to have a better understanding of the region, and played a good role in the region's reform, opening up to the world, and economic construction, as well as promoted nationality unity and prosperity. He expressed his thanks to them on behalf of the regional party committee and government, and his hope that they will continue to support and to help the region in its news coverage. [passage omitted]

Guangxi Radio-TV Microwave Circuit Complete
OW2112131488 Beijing Television Service
in Mandarin 1300 GMT 15 Dec 88

[Video report by Guangxi Television Station reporter; film shows a large satellite antenna and some instrument panels: ends with distant shot of metal tower]

[Text] The construction of a microwave circuit for radio-television transmission between Nanning and Bose in Guangxi was recently completed, and the microwave circuit has been put into operation. Bose Prefecture was an old revolutionary base area. For a long time, the quality of radio-television signals covering the area was very poor. To promote the building of spiritual and material civilization and celebrate the 30th anniversary of the founding of the autonomous region, the Guangxi Autonomous Regional people's government attached importance to building the microwave circuit and considered it a key project. The construction of the microwave circuit started in October 1987, and the work was completed in only a year. The total length of the microwave circuit is 214 kilometers. The project covers an area with a total population of more than 800,000 people.

Hainan Criminals Sentenced to Death
HK2212082488 Haikou Hainan Provincial Service
in Mandarin 2300 GMT 20 Dec 88

[Excerpts] Yesterday morning, people's courts at all levels in the province held rallies in 19 cities and counties to pronounce sentences on 367 criminals with serious cases. [passage omitted] The Hainan Provincial Supreme People's Court announced its approval for passing the death sentence on criminals with the most

serious cases, to be executed in the two cities of Haikou and Sanya and in the five counties of Qiongzhan, Qiongzong, Danxian, Wenchang, and Baisha.

In the afternoon the provincial supreme people's court gave a news briefing, at which (Xing Guo), president of the court, said that the cracking down on these criminals was the biggest of its kind in Hainan over the last few years. He added that this had boosted the morale of the people and punctured the arrogance of criminals, would effectively push forward the province's fight against criminals, and had played a positive role in stabilizing social order. [passage omitted]

Hunan Secretary Discusses Provincial Economy
HK2212042488 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 18 Dec 88

[Text] The work meeting of the Hunan Provincial People's Congress concluded in Changsha City yesterday afternoon. At yesterday's meeting, (Wang Xiaofeng), director of the Planning Commission of the Provincial People's Government, relayed the spirit of the National Conference on Planning Work. In addition, Xiong Qingquan, secretary of the provincial CPC Committee and concurrently governor of Hunan Province, also made an important speech at yesterday's meeting.

While affirming the achievements of the work meeting of the Hunan Provincial People's Congress, Xiong Qingquan made an analysis of this year's economic situation of Hunan Province and made arrangements for next year's work in Hunan Province. Comrade Xiong Qingquan said that by and large, this year's political and economic situation in Hunan Province is good. Next year, all types of work in Hunan Province will center on implementing the guiding principle of improving the economic environment, rectifying the economic order, and deepening the overall reform as well as on fulfilling the general task of making the overall price increases in 1989 significantly smaller than in 1988.

Xiong Qingquan pointed out that in order to make the overall price increases in 1989 significantly smaller than 1988, two steps must be taken: First, effective measures must be taken to check the expansion of the aggregate social demand and resolutely enforce the measures of improving the economic environment and rectifying the economic order. Second, effective measures must be taken to develop production.

Comrade Xiong Qingquan also stressed that in order to increase the effective supply, greater efforts must be made to ensure good agricultural production harvest next year. Efforts must be redoubled to deepen the enterprise reform; increase the economic results; carry out the readjustment of the industrial structure; strengthen scientific and technological education; accomplish the present financial work; practically improve and rectify social security; practically strengthen the work of the provincial people's congress,

the work of the provincial CPPCC, and the provincial mass work; greatly promote the building of socialist democracy; and practically strengthen ideological building and organizational building at the grassroots level.

Yesterday's meeting was presided over by Liu Fusheng, deputy secretary of the Hunan Provincial CPC Committee and concurrently chairman of the Hunan Provincial People's Congress.

Attending yesterday's meeting were some of the leading comrades of the Hunan Provincial CPC Committee, the Advisory Committee of the Hunan Provincial CPC Committee, the Standing Committee of the Hunan Provincial People's Congress, the Hunan Provincial People's Government, and the Hunan Provincial CPPCC; the responsible persons of the relevant departments directly under the Hunan Provincial CPC Committee and the Hunan Provincial People's Government; the secretaries of the CPC committees of the various prefectures, autonomous prefectures, cities, counties, and the districts directly under the cities of Hunan Province; the secretaries of the leading party groups of the standing committees of the people's congresses of the various autonomous prefectures, prefectures, cities, and counties of Hunan Province; and the responsible persons of the liaison offices of the various prefectural people's congresses.

Southwest Region

Governor Addresses Conference

HK2212081488 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 19 Dec 88

[Text] The provincial rural work conference ended yesterday morning [19 December]. Liu Zhengwei, secretary of the provincial party committee, presided over the meeting at which, Governor Wang Chaowen delivered a speech entitled Seek Unity of Thinking, Work Out Measures, and Strive for a Bumper Harvest in Agriculture Next Year.

Wang Chaowen said: Since the 3d Plenary Session of the 11th CPC Central Committee, our province's rural economy has steadily developed. Crop farming, aquatic breeding, industry, and sideline occupation have substantially developed. The peasants' per capita income has increased yearly, and it will still increase slightly this year. Whether viewed from this year, the past 4 disaster-stricken years, or the past 10 years, the province's rural economic situation is generally fine.

Comrade Wang Chaowen said: Judging from the realities in our province, we should not expect to achieve self-sufficiency in grain in the near future. Our basic principle on the grain issue is still to increase production, stabilize the delivery of grain into our province, and gradually raise the level of self-sufficiency. The starting point of our work should be placed on increased grain production.

Wang Chaowen pointed out: Whether or not we can achieve a bumper harvest next year, the key lies in whether or not we can unify our thinking, in whether or not we have correct policies, in the application of science and technology in agricultural production, and in agricultural investment.

He said: In policies, further efforts should be made to consolidate and improve the system of contracted responsibility on the household basis, expand the scope and scale of household operations, and encourage peasant households to engage in developmental agriculture. The quotas of grain purchased according to contract will remain unchanged next year. A prudent attitude should be adopted toward the readjustments of grain prices, and no unit should be allowed to go its own way. In science and technology, vigorous efforts should be made to popularize various practical agricultural technologies; successfully carry out the science and technology contract system; offer good services before, during, and after production; quicken the pace of training in practical agricultural technologies and the process of reforming the structure of agricultural science and technology; satisfactorily integrate traditional with modern agriculture; carry out intensive cultivation; raise per-unit yield; and increase total output. It is necessary to increase agricultural investment at numerous levels and by numerous channels. As of next year, original agricultural investments at all levels should be increased instead of reduced. Operating expenses for agriculture and funds in aid to agriculture at the provincial, prefectural, and county levels should be slightly higher than the average growth rates of the financial expenditures. Funds for the construction of office buildings, auditoriums, hotels, and other capital construction projects should be reduced and should mainly be used in agricultural development.

Wang Chaowen stressed: Effective efforts should be made to strengthen leadership over agriculture. Party committees and governments at all levels should genuinely place agriculture in a very important position and firmly grasp this work for a long time. The provincial government has decided to institute a system of responsibility at all levels for the production, purchase, sale, transfer, and storage of grain and to check on it year by year. This winter and next spring, we should carry out well education in the rural situation, go in for farmland capital construction centering on water control and soil improvement, carry out well the work of purchasing grain by contract, grasp organizational building at the grass-roots levels, make good arrangements for the livelihood of the masses in the disaster-stricken areas, and do a good job of producing and supplying nonstaple food in the urban and rural areas. It is necessary to keep population growth under strict control.

Liu Zhengwei at Guizhou Rural Work Conference

HK1912154188 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 14 Dec 88

[Excerpts] A provincial rural work conference held by the provincial party committee and provincial government opened in Guiyang yesterday [14 December].

Attending the conference were the leading comrades of the provincial party, government, and Army; the party and government leaders of departments concerned at the provincial level and of all prefectures, autonomous prefectures, and cities; and responsible persons of the agricultural departments. Wang Chaowen, deputy secretary of the provincial party committee and governor, presided over the conference. At the conference, Vice Governor Wang Anze conveyed the guidelines of the national rural work conference.

Liu Zhengwei, secretary of the provincial party committee, delivered an important speech at the conference. Comrade Liu Zhengwei said: It is necessary to put the development of agriculture in an important position, to strengthen leadership, to make concerted efforts, and to try in every possible way to wrest a good agricultural harvest next year.

He said: After 10 years' reform, the agricultural development of our province has entered a new period and the rural economy begins shifting to the path of developing the socialist commodity economy. A salient problem now existing in the agricultural development of our province is that grain production begins stagnating and the relations between supply of and demand for grain become increasingly tense. Grain alone will affect the situation as a whole. We must, therefore, proceed from the current realities and see that wresting a good harvest of grain next year is extremely important and urgent in stabilizing the overall situation of the whole province, improving the economic environment, and rectifying the economic order. [passage omitted]

Liu Zhengwei said: To wrest a good agricultural harvest of the whole province next year, we must mainly rely on the policies, science, and increase in input. Specifically speaking, it is necessary to do well in grasping the following four aspects of work:

1. We must unswervingly regard deepening rural reform as a motive force and continuously bring the might of the policies into play. In a fairly long period in the future, our province's work of deepening rural reform must be centered on stabilizing and perfecting the system of contracted household responsibility, we must adhere to the system of land under collective ownership, strengthen land control, put the contract system on a sound basis, invigorate peasants' power of use, and the policies must be stable for a long time so that the peasants can further arouse their enthusiasm for the input of capital and labor.

2. We must regard science and technology as the primary productive force to arm agriculture, vigorously popularize the practical agricultural technology, mobilize more scientific and technological personnel to go deep into the rural areas, and conduct some technical training for the middle-aged and young peasants with the cultural standard of senior primary school and above. It is necessary to pay attention to the rational utilization of land and to

gradually raise the multiple crop index. Next year and the year after next, we must spend some money to build a certain number of good strains propagation bases of paddy, maize, and rape which gear to the needs of the whole province. [passage omitted]

3. [Words indistinct] must firmly grasp farmland capital construction with water conservancy as the center. This winter and next spring, all places must spend 100 days to mobilize and organize peasants to repair and to supply the necessary accessories to the current [words indistinct] water conservancy facilities and irrigation channels and take measures as are suitable to local conditions to build a large number of ponds that need a small amount of investment and produce quick results. At the same time, it is essential to do well in transforming the medium- and low-yielding farmland, to develop the resources of the nonarable land, to afforest the uncultivated mountains, and to plant grass on the uncultivated slopes.

4. It is imperative to mobilize all quarters to increase agricultural input. As our province has limited financial resources, it is impossible to increase a large amount of input all at once. However, while working out the plans, we must guarantee the coordinated development of the national economy and the steady increase in agriculture. The agricultural operating expenses and the input of the capital to support agricultural production must be slightly higher than the financial expenditures so that the agricultural input can increase steadily. Our province's investment in agriculture next year can increase by about 30 to 40 million yuan. The increase in money is to be mainly spent on popularizing the use of practical agricultural technology and repairing and supplying the necessary accessories to the existing water conservancy facilities. In addition to the government's increased input, we must mobilize the peasants to increase their labor input and the organic fertilizer input. At the same time, we must reduce the expenditures, increase the accumulations, and expand reproduction.

Liu Zhengwei said: It is necessary to really strengthen leadership over the rural work and agricultural production in the new period. Party committees and governments at all levels, particularly the prefectural, autonomous prefectural, city, and county party committees and governments, must make concerted efforts to grasp the rural work and agricultural production firmly and well. This winter and next spring, they must organize a large number of cadres to go deep into the rural areas to conduct extensive education in the situation. All trades and professions must define their duties and support agriculture. It is necessary to vigorously develop the town and township enterprises and to pay attention to the control of the population growth and the control of ecological deterioration. [passage omitted]

Sichuan Governor Discusses Public Security
*HK2212080888 Chengdu Sichuan Provincial
Service in Mandarin 2300 GMT 19 Dec 88*

[Text] During a provincial meeting of directors of city, prefectural, and autonomous prefectural public bureaus and offices, Governor Zhang Haoruo pointed out that public security is closely related to the whole economic situation. He said that public security organs should analyze the situation in public security and strengthen public security work in light of the needs of society.

Zhang urged governments of various localities to strengthen leadership over political, legal, and public security work, give full play to their role, enlist the support of all circles, prevent and properly handle any incidents, deal severe blows at all kinds of criminal activities, strengthen administration over public security, and create a stable social order in the interests of the operation of improving the economic environment and rectifying the economic order.

This meeting of directors of city, prefectural, and autonomous prefectural public security bureaus and offices was held in Chengdu from 13 to 17 December. During the meeting, provincial Public Security Department Director (Wu Xuede) conveyed the spirit of a conference of public security department heads from some provinces and autonomous regions, and elaborated the Sichuan provincial public security department's views on how to implement the spirit. Participants in the meeting also heard the report that provincial party committee security deputy Gu Jinchi had delivered at a previous meeting of cadres of political and legal organs.

Sichuan Grain Output Shows Little Growth
*HK2212081888 Chengdu Sichuan Provincial
Service in Mandarin 2300 GMT 19 Dec 88*

[Text] A great breakthrough has been made in Sichuan's rural economy since the 3d Plenary Session of the 11th CPC Central Committee. In the past 10 years, Sichuan's rural economy has been switching from the self-sufficient and semi-self-sufficient mode to the mode of commodity economy. By 1987, the province's gross agricultural output value had increased 78.8 percent compared to 1978; the proportion of the output value of forestry, animal husbandry, fisheries, and sideline production to the gross agricultural output value had increased from 27.5 to 52.3 percent; the total grain output had increased from more than 31.9 billion kg to more than 39.2 billion kg; the per capita share of grain had increased from more than 320 kg to more than 370 kg; the number of hogs sold had increased from more than 21.5 million to more than 51 million a year; the output of the oil-bearing crop had increased from more than 11 million dan to more than 32 million dan. Meanwhile, the gross output value of township and town enterprises had increased to 26.07 billion yuan by last year. Due to the development of production, the per capita net income for peasants has

increased from 127 yuan in 1978 to 369 yuan in 1987. The vast majority of peasants in the province are now supplied with basically enough food and clothing.

However, one must also be aware that the province's total grain output has been standing still at the same level for 4 successive years since the output record set in 1984. Meanwhile, the population growth and the increase in consumer demand have aggravated the contradiction between the supply and demand of agricultural products. This situation, if not improved very soon, will undermine the national economy as a whole. In order to solve this problem, the department in charge of agriculture of Sichuan Province has recommended that attention be paid to late autumn field management in the hope of achieving a good harvest in early spring next year. On the other hand, it is also necessary to strengthen irrigation and water conservation so as to make preparations for next spring's ploughing.

Yunnan Authorities Destroy Pornographic Material
*OW2212001088 Beijing XINHUA in English 0716 GMT
21 Dec 88*

[Text] Kunming, December 21 (XINHUA)—Over 11,000 pornographic publications were pulped Tuesday in Kunming, capital of southwest China's Yunnan Province.

This was part of a drive by local authorities to stamp out publication of material "detrimental to young people".

This year, periodicals and books ridden with descriptions of sex and violence have mushroomed in the province once again after having disappeared following a previous crackdown by provincial officials.

Yunnan Slashes Capital Construction Projects
*HK2112152788 Beijing RENMIN RIBAO in Chinese
12 Dec 88 p 2*

[Dispatch by reporter Dong Huanliang (5516 3562 0081): "Yunnan Province Combines Capital Construction Reduction With Structural Readjustment"]

[Text] Yunnan Province has resolutely implemented the resolution of the 3d Plenary Session of the 13th CPC Central Committee, combining the curtailment of the scope of capital construction with the readjustment of the structures of investment and production. It has held down nonproductive investment while guaranteeing productive investment projects capable of increasing effective supplies and limited investment in industries which consume large quantities of energy and are outside the state plan while guaranteeing investment in industries whose supply falls short of demand and in agriculture. The province has thus managed to effectively curtail what ought to have been curtailed and to reasonably guarantee what ought to have been guaranteed.

In the last 3 years, the scope of investment in fixed assets in Yunnan Province has been put considerably under control but it still exceeds the province's financial and material capabilities. From 1986 to 1988, the province's investment in fixed assets increased at an average rate of 6.7 percent a year. The investment structure was irrational and in some aspects the cases were quite serious. The most conspicuous problem was excessive nonproductive construction. In the capital construction carried by units under the system of ownership by the whole people during the Fifth 5-Year Plan, the proportion of nonproductive construction was 25.3 percent; in 1987 it reached 40.6 percent; and in this January-August period, it was 35.8 percent and this percentage was still higher than the nation's average 34 percent level. Especially in the first 8 months of this year, 26.2 percent of investment funds earmarked for equipment upgrading and technological transformation according to mandatory planning was diverted to nonproductive construction. This was higher than the nation's average value of 16.8 percent. The provincial party committee and government attached great importance to this problem. Beginning last June, they set about to tackle the problem. They screened and suspended the construction of office buildings, auditoriums, hotels and other nonproductive projects under construction or listed to be undertaken, thus reducing 186 million in investment, of which some was used in such areas as agriculture, culture, and education.

Although Yunnan Province is rich in water and electric resources, the rapid expansion in recent years of high energy-consuming industries has enormously surpassed the growth rates of power production, thus aggravating the already strained power supply. According to incomplete statistics, by last August, the province had built or would have built 55 ferro-alloy plants, 24 yellow phosphor-producing enterprises, and 28 calcium carbide-producing enterprises. They are all well-known "electricity tigers." Although the supply of these products falls short of demand, if the strained situation in which power shortages are aggravated by excessive high energy-consuming investment projects is not put to an end, some enterprises will face the crisis of "suspending production the moment they are completed." In view of this situation, the provincial departments concerned held "group consultations" on some 60 projects under construction. The construction of some of them had to be suspended or delayed so as to use the saved precious energy and funds in assuredly meeting the needs of communications, energy, chemical fertilizer, and main raw and semifinished materials industries.

In the last 2 years, there has been a shrinkage in agricultural investment throughout the province. Investment at the provincial level was not affected but that at the prefectural and county levels dropped by a fairly big margin. Recently the provincial government made a decision: The funds increased by provincial financial departments should be used mainly for agricultural development and local financial departments should allocate certain amounts of funds to ensure investment

in agriculture. At the same time, the province is now spreading Yuxi Prefecture's experience in using the profits created by the tobacco industry to support tobacco cultivation, an experience of "supporting agriculture with industry."

North Region

Beijing Forms Committee for Protection of Youths
*OW2212082188 Beijing XINHUA in English 1442 GMT
21 Dec 88*

[Text] Beijing, December 21, (XINHUA)—The Beijing Municipal Committee for the protection of children and adolescents was formed here today.

The committee will ensure that state functionaries implement new laws on the protection of children and adolescents and co-ordinate the work of state organs and social service organizations in educating and upholding their rights.

It will also handle reports of violations of the rights of youngsters and provide legal help for victims.

The new regulations governing treatment of children and adolescents, which were adopted at the Fifth Session of the Ninth People's Congress Standing Committee of Beijing on October 20, will go into effect on January 1, 1989.

There are about 1.77 million young people between the age of six and 18 in the Chinese capital.

The protection committee is made up of government functionaries and public figures.

Beijing TV Station To Open Third Channel
*OW2212030688 Beijing XINHUA in English 1156 GMT
20 Dec 88*

[Text] Beijing, December 20 (XINHUA)—The Beijing TV station will open one more channel starting 19:30 hours [1130 GMT] December 30 to provide programs mainly for children and young people, and better-educated people.

This is another major step the station has taken this year to improve its services to better cater to the capital's some 10 million permanent residents.

So far, it has two channels—one for news and entertainment and one for educational programs. August 2 this year, it began offering programs from 6 a.m. till about 10:30 p.m., thus tripling the viewing hours.

On the third channel, the variety will include news for children, cartoons, children's drama and educational programs.

It will also broadcast classical music, sports programs, serials, Chinese and foreign films adapted from famous literary works and comprehensive cultural entertainment for people who are better educated.

Wang Qun Addresses Theoretical Forum
SK2212003588 Hohhot NEIMENGGU RIBAO
in Chinese 8 Dec 88 p 1

[Text] On 7 December, leading personnel from the autonomous regional party and government organs sponsored a forum with comrades who were attending the regional theoretical seminar to mark the 10th anniversary of the 3d Plenary Session of the 13th CPC Central Committee.

Attending the forum were leading personnel of the regional party and government organs, including Wang Qun, Bu He, Zhang Dinghua, Qian Fenyong, Batubagen, Tian Congming, and Liu Yunshan. Wang Qun addressed the forum.

The regional theoretical seminar jointly sponsored by the propaganda department under the regional party committee, the regional party school, and the regional social science academy which were entrusted by the autonomous regional party committee opened on 5 December. Attending the opening ceremony of the seminar were Zhang Dinghua and Tian Congming, deputy secretaries of the regional party committee, and Lin Weiran, vice chairman of the regional Advisory Commission. Attending the seminar were the writers of academic papers presented at the seminar and directors of propaganda departments of various leagues, cities, large industrial and mining enterprises, and of higher educational institutions in Hohhot City.

The main topic of discussion during the seminar was to deeply summarize the region's experience gained in conducting reform and opening to the outside world over the past 10 years; to exchange the initial results scored in theoretical research on the initial stage of socialism and in research on the region's situation; to discuss the relationship between the tasks of improving the environment and rectifying the order and the work of comprehensively deepening the reform drive, and the issue of how to not only ensure the capability and authority of central macroeconomic readjustment and control but also bring into play the superiority and creativeness of localities, departments, and enterprises; and to point out duties and tasks for theoretical workers to improve the economic environment and rectify economic order. In the course of making preparations for the seminar, various localities, fronts, and units concerned wrote more than 3,000 academic papers, of which 280 were submitted to the regional authorities. After the appraisal, the preparatory group of the seminar sorted out 105 papers.

In his speech at the forum on 7 December, Wang Qun stated: The seminar in which theoretical and practical workers across the region have gotten together to exchange and discuss their theoretical research results is very important for the region for summarizing its experience gained in conducting reform and opening to the outside world over the past 10 years; for discerning the law of conducting reform and construction; for successfully fulfilling the tasks of improving the environment, rectifying the order, and deepening the reform drive in the coming 2 years; for further bringing the guiding role of theories into play; and for permitting the region's theoretical work to prosper and develop.

In referring to the region's progress in improving the economic environment and rectifying economic order and the influence caused by the progress, Wang Qun stated: Although the time in which the region has begun to improve the environment and rectify the order is not long, progress scored during that time is satisfactory. Party committees and governments at all levels have actively gone into action to block the trend of extreme price hikes; to basically curb the overheated scale of capital construction projects and projects of building auditoriums and hostels, as well as the scale of social institutional purchasing power; and to correct the practice of competing with one another for speed and with regard to overheated economic phenomena. Some comrades are still low in understanding, weak in determination, and adopt a wait-and-see attitude toward the task. We should further discern the importance of improving the environment and rectifying the order in line with macroeconomic management, with the fundamental interest, and with the viewpoint that without improving the environment and rectifying the order, it would be very possible for us to suffer greater losses and encounter more serious chaos. We should also unify our understanding, actively implement the spirit of the 3d Plenary Session of the 13th CPC Central Committee, and enable the localities who have scored slow progress in the task to catch up with the advanced ones as soon as possible.

In his speech Wang Qun stated: Judging from the current situation and the microeconomic management, the tight money market caused by improving the environment and rectifying the order has indeed brought us great difficulties and unfavorable conditions. However, judging from our long-term purpose and strategy, such a tight money market will exert favorable conditions for us. In weighing advantages and disadvantages resulting from improving the environment and rectifying the order, we have found that we will be greatly benefited by the task. Therefore, we must maintain necessary speed in improving the environment and rectifying the order. As for the capital construction projects concerning the production of grains, vegetables, and daily industrial goods, which are closely related to the national economy and the people's livelihood, we must ensure the construction of those that deserve to be ensured and only by curbing some projects and ensuring the construction of some can we achieve development.

In referring to the region's three fighting targets, Wang Qun stated: Since the fifth enlarged plenum of the fourth autonomous regional party committee, various leagues, cities, banners, and counties have done a great deal of work and scored marked achievements in fulfilling these targets. The state has also given great support to the region in the fields of establishing two experimental zones and two marketable grain bases in the region, of developing natural resources, and of introducing outside funds. It may be said that the prospect of fulfilling these targets is good. In line with the spirit of engaging in industrial production when conditions are ripe and doing so in agricultural production, animal husbandry production, and forestry production, we should boldly undertake such activities as long as they are favorable for developing productive forces and for making the country and the people wealthy. We should strive to fulfill the three targets as soon as possible.

In referring to theoretical work, Wang Qun stated: In line with the principle of fostering unity, conducting construction, carrying out reforms, and opening to the outside world, we should continue to do a good job in conducting propaganda work with regard to safeguarding national unity; reunifying the motherland; and achieving equality, mutual assistance, and mutual prosperity among various nationalities. As for the problems of price hikes, unfair distribution, and party style, we should present a correct analysis and a convincing explanation through the coordination of the government and the departments concerned and on the basis of earnestly carrying out investigation and study, and we should do a good job in directing public opinion. Theoretical and practical workers should be good at justly and forcefully conducting ideological and political work.

Shanxi Governor Addresses Forum on Reform

HK2212042888 Taiyuan Shanxi Provincial
Service in Mandarin 2300 GMT 18 Dec 88

[Text] The 4-day Forum on Reviewing the 10 Years of Reform in Shanxi Province and Looking Ahead concluded yesterday afternoon. Shanxi Provincial Governor Wang Senhao attended the forum yesterday and delivered a speech.

Wang Senhao said that the Forum on Reviewing the 10 Years of Reform in Shanxi Province and Looking Ahead was very successful. The entrepreneurs and theoretical workers made full use of the forum to exchange their views and ideas. All the participants to the forum demonstrated and summed up the achievements Shanxi Province has made in its decade-long reform. By so doing, all the comrades have strengthened their confidence in furthering the reform and clearly defined the relationship between improving the economic environment and rectifying the economic order, on the one hand, and deepening the reform, on the other.

Some participants expressed the fear that the campaign of improving the economic environment and rectifying the economic order will result in the withdrawal of some the new reform measures and the withdrawal of the decision-making power from the enterprises. Wang Senhao said that such worries are not completely groundless. Such worries expressed by some comrades can serve as a reminder to the provincial leaders, telling them that while improving the economic environment and rectifying the economic order, they should also spare no efforts to speed up the enterprise reform. To this end, Wang Senhao said that he would like to reiterate that the decision-making power delegated to the enterprises according to 35th Document issued by the Provincial People's Government will not be withdrawn from the enterprises. No enterprise should be held responsible for things it has done according to the relevant stipulations provided in the documents issued by the people's governments at the central, provincial, and city levels, even though these stipulations are inconsonant with the spirit of the latest decisions of the central authorities.

Wang Senhao said that the problems and difficulties that have emerged in people's economic life are not caused by the reform itself but by the drawn-out outstripping of aggregate social supply by aggregate social demand. Therefore, it is wrong to attribute all the present problems and difficulties to the reform.

Wang Senhao stressed that only by deepening the reform will it be possible to solve present problems and overcome the present difficulties.

Li Ruihuan Speaks at Tianjin Party Meeting

OW2112130988 Beijing Domestic Service
in Mandarin 0800 GMT 16 Dec 88

[Text] The Tianjin Municipal CPC Committee is summing up its experience in carrying out reform and opening up to the outside world. Li Ruihuan, secretary of the municipal CPC committee, said: Only by clearly understanding the guiding ideology will it be possible for us to do a good job in improving economic environment and rectifying economic order. In order to sum up its experience well, the Tianjin Municipal CPC Committee held a meeting to conduct investigation and study from 8 to 12 December. At the meeting, Li Ruihuan told the participants that now is the best time to sum up experiences. He pointed out: China has scored tremendous achievements in carrying out reform during the past decade and accumulated rich experiences while facing sharp contradictions and difficulties. It is essential for us to carefully review the past and sum up our experiences. The situation is fairly complex and our tasks are arduous in improving the economic environment and rectifying the economic order during the period of economic readjustments. People are usually imbued with ideas. Therefore, we must heighten our awareness and unify our ideas on some major issues to work out our measures with a scientific approach in developing the reform program.

Li Ruihuan emphatically pointed out: To sum up our experience, we must regard Marxism as our guidance, adopt a selfless stand, maintain close touch with reality, and take China's specific conditions into account. We made some errors in carrying out our reform, because we had mechanically copied some of the practices from capitalist countries.

The specialists and professors who attended the meeting called for efforts to pay attention to theoretical study so that such study will play its role well in conducting experiments. They said: Theoretical study should be carried out way ahead of practice so that fewer mistakes will be made in doing actual work.

Northeast Region

Heilongjiang Secretary on Honest Officials

SK2212005588 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 17 Dec 88

[Excerpts] On the afternoon of 17 December, Sun Weiben, secretary of the provincial party committee; Wang Haiyan, deputy secretary of the provincial party committee; and the provincial Discipline Inspection Commission; were briefed on the work of urging officials to perform their duties honestly by the principal responsible personnel from 25 provincial-level departments, commissions, offices, and bureaus, who are in charge of the work of material supply, personnel affairs, financial management, and judicial affairs.

The second enlarged plenum of the sixth provincial party committee worked out regulations on having party and government organs perform their duties honestly. It was demanded in the regulations that before the end of 1988 the province formulate clear principles for screening the party and government organs which have been involved in business or operated an enterprise and for blocking the malpractices of indulging in extravagant eating and drinking and hosting banquets or presenting gifts in order to realize illegal purposes. The provincial Discipline Commission should also issue a circular on this.

In implementing the regulations adopted at the enlarged plenum of the provincial party committee and the circular of the provincial Discipline Inspection Commission, units under the provincial-level organs have emphatically conducted education among the leading cadres of party members and exposed some problems of their own. They have also dealt in a timely manner with the problems which violate discipline and which have drawn strong complaints from the masses, and they have worked out strict disciplines and regulations on preventing phenomena which are apt to be committed by party members. [passage omitted]

After hearing the briefing, Sun Weiben, secretary of the provincial party committee, delivered a speech in which he stated: We scored some achievements in the work of

having party and government organs perform their official duties honestly in the former stage, although we should not overestimate them. In preventing the party and government organs from involving in business and opening an enterprise at present, most units across the province are still resorting to separating from the business firms, suspending their business for the time being, and tendering their resignation. As for the problems of engaging in illegal purchase and sales and reaping staggering profits by violating the law and discipline, they have not thoroughly screened and corrected them. Cadres in some units continue to open a business or enterprise by overtly agreeing to the drive but covertly refusing to quit their jobs or by acting against the drive in a disguised form. Although the malpractice of indulging in extravagant eating and drinking with the use of public funds has weakened somewhat, and few cadres, particularly cadres in the departments which exercise the major right of approval, are still enjoying extravagant eating and drinking, some of them have adopted more covert forms in activities. While the problem of hosting banquets and presenting or receiving gifts has not been effectively dealt with, the occasions of New Year and Spring Festival, in which such a problem is apt to develop, will come again. Therefore, we must pay great attention to it.

In his speech, Sun Weiben stated: We should earnestly do a good job in handling the problems in which party and government cadres operate businesses or enterprises and indulge in extravagant eating and drinking with public funds and in blocking the malpractice of presenting or receiving gifts. We should make somewhat of a breakthrough in this regard.

In his speech, Sun Weiben stressed particularly that it is very important for leading organs to keep themselves honest in performing their official duties and for leading cadres to set examples in this regard. The first or second leading personnel of party and government organs should be directly responsible for determining whether their organs are honest in performing official duties. Efforts should be made to take honest duty performance as an important condition for examining cadres' achievements and promoting them. Units which have had more problems concerning dishonest duty performance are revealing that their leading personnel are not just and upright, and they need to be readjusted. Cadres who have not performed their official duties honestly cannot be elected to leading bodies and be promoted to an important post.

He Zhukang Inspects Jilin Machine Institute

SK2112124088 Changchun Jilin Provincial Service in Mandarin 1030 GMT 20 Dec 88

[Excerpts] Yesterday morning, He Zhukang, secretary of the provincial party committee and provincial governor, Vice Governor Gao Yan, and other responsible comrades went to the Changchun testing machine research institute which was located on the western side of Jiefang

Road in Changchun City. As soon as they left the car, He Zhukang and other leading comrades went directly to the research and testing centers and the general testing plant to listen to briefings by responsible comrades of the research institute, including (Wang Jianfeng) and (Zhang Jinhua). He asked in detail about researching all types of new equipment and about the properties of products, the cost of scientific research, and the application results. [passage omitted]

Comrade He Zhukang and other leading comrades affirmed the achievements of this research institute in its scientific research and reform work. They also held a forum with responsible comrades of the research institute and some scientific and technical personnel on how to actively develop science and technology, accelerate the conversion of research findings, and rely on science and technology to develop the province. [passage omitted]

On the issue of the government's efforts to provide good services, Comrade He Zhukang said: Governments at all levels, and other departments such as the science and technology commissions and associations, should earnestly grasp the coordination and service work; organize specially-assigned personnel to combine and unite the enthusiasm of enterprises with scientific research units and to accurately understand enterprises' demands of science and technology in a timely manner; actively help scientific research units and provide them with research tasks, items, and information; and create conditions for research units to have an outlet for their abilities and to open up a scientific research battlefield in an effort to promote the combination of science and technology with production and to accelerate the pace of rapidly converting scientific research findings into productive forces.

He Zhukang, Gao Yan, and other leading comrades also fervently wished and welcomed the central research units stationed in our province to enthusiastically participate in the province's production and construction and in the main battlefield of scientific and technological development. They said that these research units may enjoy the same treatment and preferential terms as the research units of the province. They also hoped that these research units would work hand in hand to contribute to invigorating Jilin.

Also present at the Changchun testing machine research institute were Wen Yuji, deputy secretary general of the provincial party committee, and (Zeng Mingqi), deputy secretary general of the provincial government, and responsible comrades of the provincial Science and Technology Commission and the provincial Planning and Economic Commission.

Liaoning Delta Becoming Export-Oriented Zone
HK2112132288 Beijing RENMIN RIBAO in Chinese
12 Dec 88 p 1

[XINHUA report by reporters Li Shanyuan (2621 0810 6678) and Xu Yanan (1776 4282 1344): "Liao He Delta To Be Built Into a Model Export-Oriented Economic Zone"]

[Text] Shenyang, 11 Dec (XINHUA)—The Liaoning provincial government recently reached a 1988-1990 agreement with the State Land Development Fund Group, the Ministry of Agriculture, and the Ministry of Finance to develop the Liao He Delta. Work will be started gradually on this key comprehensive agricultural development construction project.

The Liao He Delta is one of our country's seven large river deltas. The total land and sea area is 26 million mu and the coastline is 270 km in length. The land is fertile and the climate temperate and there is adequate sunshine and plentiful rainfall. The area is good for growing rice and reeds, and for the breeding or production of artificial aquatic products. It is the only relatively concentrated and united piece of land now available to Liaoning Province for development. It is called the "Southern Big Wasteland" in the northeast.

The Liaoning provincial government has decided to focus on grain production with the simultaneous launching of fishery, reed-growing, animal-breeding, afforestation, and various other operations. A model export-oriented agricultural economic zone will be established with economic, social, and ecological benefits highly unified.

Based on a survey of the Liao He Delta resources and agricultural zoning, the Liaoning provincial government has plans to open up for the first time: Some 800,000 mu of rice fields while transforming 1 million mu of middle- and low-yielding fields; some 200,000 mu of reed fields while transforming 800,000 mu of middle- and low-yielding reed fields; and shore land and shallow water allowing 300,000 mu for breeding shrimps, 350,000 mu for shellfish, 50,000 mu for crabs, and 100,000 mu for freshwater fish.

In developing this area the important thing is to strengthen building the fundamental facilities for agriculture, fishery, and reed production, and the necessary projects to link things up. It is planned to: Build a large reservoir [on elevated land] and a reservoir on flatlands; transform five flatland reservoirs; build two key projects with water diversion channels namely, 138 km of main canals for conveying water and 81 km of dams at the edge of the sea; and to set up fundamental shrimp-breeding facilities.

The 1.65 billion yuan to be invested in developing the Liao He Delta will chiefly come from international loans, central government support, local financing,

domestic bank loans, and so forth. Based on the initial arrangements by the Liaoning provincial government this project will proceed in three stages starting in 1988 and will be completed by 1995.

As the first step in carrying out this project the Liaoning provincial government, based on the agreement newly reached with the central authorities, will in the last 3 years of the "Seventh 5-Year" Plan transform existing irrigation facilities, perfect the linkup of channels, expand the existing irrigated area, reclaim 200,000 mu of wasteland, transform 800,000 mu of middle- and low-yielding land, and appropriately develop forestry, animal-breeding, fishery, and the processing of agricultural and sideline products.

Northwest Region

Qinghai Secretary Praises Armed Police

*HK2212040888 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 17 Dec 88*

[Text] On 16 December, Yin Kesheng, secretary of the provincial CPC Committee, made a telephone call to the responsible person of the provincial People's Armed Police Forces. He highly praised a unit of the Provincial people's Armed Police Forces that is stationed in Xining City for the outstanding contributions it has made to maintaining social security and supporting agricultural production.

In his telephone call, Yin Kesheng said that it is commendable that the unit of the provincial People's Armed Police Forces that is stationed in Xining City has maintained a constant social-security patrol in the city, because this constant social-security patrol has not only succeeded in greatly reducing the criminal offenses in the city but has also succeeded in maintaining the normal living and working order for the broad masses of the people in the city.

Yin Kesheng expressed the hope that all the officers and soldiers of the unit of the provincial People's Armed Police Forces stationed in Xining City will continue to maintain a constant social-security patrol in the city and will make redoubled efforts to improve social security in

the city so as to guarantee the safety of all the citizens of Xining City during the New Year holidays and the Chinese New Year holidays.

Yin Kesheng also hoped that the leaders of the provincial People's Armed Police Forces will show concern for the officers and soldiers of the provincial People's Armed Police Forces in respect of their daily life and health and make sure that all the officers and soldiers of the provincial People's Armed Police Forces eat well, dress well, and stay fit.

Xinjiang Secretary Stresses Procuratorial Work

*HK2212082088 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 17 Dec 88*

[Text] Song Hanliang, secretary of the Xinjiang Regional CPC Committee, stressed at the 8th Xinjiang Regional Conference on Procuratorial Work, which concluded today, that the regional procuratorial organs should make their due contributions to maintaining social stability, safeguarding social security, and guaranteeing the smooth progress of the work of improving the economic environment and rectifying the economic order.

Song Hanliang said that such economic crimes as embezzlement, bribery, and so on have seriously damaged the economic environment and disrupted the economic order and are thereby the most serious corrupt phenomena in the party and state organs at present. Song Hanliang expressed the hope that the regional procuratorial organs will devote most of their efforts to cracking down on embezzlement and bribery. Severely punishing criminals and cracking down on criminal offenses according to the law is another focal point of the work of the regional procuratorial organs. Therefore, the regional procuratorial organs should make every possible endeavor to strengthen their work in this regard and should under no circumstances relax their ideological work and actual work in this respect.

Song Hanliang also stressed that the regional procuratorial organs at various levels must take as an important task cracking down on the criminal activities aimed at destroying the nationality unity and splitting the motherland. The regional procuratorial organs at various levels should also bring into full play the important role of the people's democratic dictatorship.

Taiwan Self-Government League Adopts Open Letter
OW2112191388 Beijing Domestic Service
in Mandarin 1030 GMT 16 Dec 88

[Text] The Second Plenary Session of the Fourth Central Committee of the Taiwan Democratic Self-Government League closed in Beijing this afternoon. A resolution adopted at the session notes that under the new situation in which relations between the sides of the straits are gradually relaxing, the Taiwan Democratic Self-Government League must bring into play its strong points, build itself up, actively participate in state affairs, work hard to promote exchanges between the two sides of the strait, and make greater contributions to the prosperity and peaceful reunification of the motherland.

The plenary session of the Taiwan Democratic Self-Government League opened on 12 December. At the session, 68-year-old Cai Zimin was elected chairman of the Presidium of the Central Committee of the Taiwan Democratic Self-Government League. Following earnest discussions, the plenary session adopted the work report for 1988, a tentative plan for work in 1989, and Some Regulations Governing Organizational Development of the Taiwan Democratic Self-Government League. During the session, a Work Committee for Women and Liaison Group for the Gaoshan Nationality were set up under the league's Central Committee.

The closing session adopted an open letter of the Central Committee of the Taiwan Democratic Self-Government League to the residents of Taiwan. It expresses warm welcome for people in Taiwan's business circles to visit the mainland to inspect or start business talks. It says: The league is ready to fight together with people in Taiwan for the right of Taiwanese compatriots living on the mainland to return to their native place.

The open letter says: During the past year, the door that had separated the two sides of the strait for 40 years finally opened. Thousands upon thousands of Taiwanese compatriots have visited the mainland for the first time for tourism or visiting relatives. These visits have brought great joy to many families, promoted mutual understanding, and enhanced feelings of kinship.

The open letter points out: Returning to one's native place is an internationally recognized basic human right. Taiwan authorities' will not be able to justify or explain away their refusal to allow Taiwanese compatriots living on the mainland, who are not too many to begin with, to return to their native place to visit relatives or pay respects to their ancestors at their tombs. Their so-called security principle does not hold water, either.

The open letter says: As a political party of resident Taiwanese on the mainland, the Taiwan Democratic Self-Government League understands the CPC's policy as well as the feelings and desires of the compatriots on the island. We care about the future of Taiwan and the

reunification of the motherland, and we are interested in protecting the interests of the Taiwanese people in the process of reunification. We would like to exchange views with the islanders on this matter.

Su Ziheng, honorary chairman of the Central Committee of the Taiwan Democratic Self-Government League; and Cai Zimin, chairman of the presidium, attended the session. Chen Zhongyi, member of the presidium, presided over the session. (Wu Ketai), member of the presidium, delivered the closing speech.

Dear listeners, in the growing nongovernmental contacts between the two sides in recent years, tens of thousands of people have been happily reunited with their families and old acquaintances, or made new friends. Many Taiwan businessmen have quietly carried out mutually beneficial cooperation with their partners on the mainland. These are well-known facts. Along with the increasing nongovernmental contacts and exchanges between the two sides of the strait, a series of problems that need to be handled at the governmental level are bound to crop up, such as marriage, inheritance, property ownership, and creditor's rights in social life, and investment, property rights, patents, trademarks, and operations in industrial and commercial management. Whenever such a problem arises, Taiwan compatriots would naturally hope for the support and assistance of relevant departments in Taiwan. However, they have been disappointed by the Taiwan authorities' ostrich policy of dodging reality.

Dear listeners, the Taiwan authorities' no-contact policy has not only brought much misfortune and suffering to ordinary people but also created problems for high-ranking officials. For example, during his decades-long life in Taiwan, Mr He Yingqin, longing for his hometown in Guizhou's Xinyi, asked an artist to draw a picture resembling the scenery of his native place, but he was not able to go back in his lifetime. Take Mr Chiang Ching-kuo, as another example. Didn't he wish to return his father's bier to their native place? However, due to the taboo against contacts with the mainland, the remains of the two generations of the Chiang family have continued to temporarily lie in state in Taiwan. In his letter to Mr Chiang Ching-kuo in 1982, Liao Chengzhi expressed the wish to visit Mr Chiang Ching-kuo in Taiwan. However, before the wish was realized, both Liao and Chiang died. Most of the Taiwan military and government officials who left the mainland for Taiwan many years ago are in their advanced years. When they think of all these examples, their hearts break, and they cannot sleep at night. To them, the remaining years are, of course, more precious than before. How can they continue to postpone their homecoming?

Dear listeners, pardon me for straying from the topic. In short, I believe that only through intensifying contacts, increasing understanding, and achieving common viewpoints between the two sides of the strait can the conditions for reunification gradually ripen. Therefore, we should not just sit back waiting for the conditions to ripen. Am I correct?

Radio Talk on Reunification Conditions
OW2212012088 Beijing in Mandarin to Taiwan
0205 GMT 15 Dec 88

["Rambling Talks on Current Events" by Wen Liang]

[Text] Recently I read from HONG KONG SHIBAO an interview of Mr Li Teng-hui with READER'S DIGEST, in which he discussed the question of contacts and reunification between the two sides of the Taiwan Strait. According to Mr Li, it would take a fairly long period to bring the two sides from confrontation to reunification, and any contact between them would have no practical meaning and produce no positive results before the conditions for reunification are ripe. Dear listeners, what do you think of Mr Li's above remarks? To me, they are really incomprehensible because they are untenable both in logic and reality. In the following, I would like to elaborate my view.

Dear listeners, when Mr Li Teng-hui said that any contact between the two sides would have no practical meaning before the conditions for reunification are ripe, he meant that the two sides could begin contacts only under ripened reunification conditions. His remarks reversed the causality and chronology of contacts and reunification. As far as the relationship between reunification and contacts is concerned, I believe reunification of the motherland is the goal while contacts and understanding between the two sides are the necessary means to achieve this goal. Only through contacts and exchange between the two sides can they understand each other, eliminate differences, enhance common understanding, maintain harmonious relations, and ultimately work hand in hand to achieve national reunification. If Mr Li's remarks hold, how can the reunification conditions automatically ripen? No wonder he described the day for reunification as still remote. Moreover, in the absence of bilateral contacts and understanding, how is it possible to discern and grasp the conditions when they are ripe someday? Hence, such an attitude of trusting to chance and windfalls is not feasible. Don't you think so?

In my view, Mr Li's remarks not only contradict the principle of logic but also fail to keep abreast of the reality in the development of relations between the two sides of the Taiwan Strait. Dear listeners, the topic of contacts has always stirred people's strong emotions. Due to the artificial fence separating the two sides of the Taiwan Strait, compatriots on the mainland and Taiwan have been unable to contact and communicate with each other for decades. Moreover, false propaganda has produced misunderstanding, suspicion, or even an unfounded phobia of the mainland among Taiwan compatriots. Many Taiwan compatriots, especially those who were born on the mainland, have long wanted to visit their native place. However, due to the Taiwan authorities' closed policy and the unfounded phobia, they could and dared not come to the mainland. Longing for their native place, some bold-minded people in Taiwan began to take the risk to (?come to the mainland) through a side trip during their visit abroad. They were surprised to discover that the actual situation on the mainland was greatly different from what they had heard and imagined in Taiwan. Hence, the word spread. Family visits to the mainland have become an open secret in Taiwan, and the Taiwan authorities have been compelled to partially lift the ban on family visits to the mainland. Describing their experience in visiting the mainland, many Taiwan compatriots said: It is better to hear and see for yourself—the homecoming has alleviated the phobia, and chats with friends and relatives have dispelled misgivings.

However, the estrangement between the two sides remains. For example, when fishing boats of Fujian took shelter in the mouth of the Min Jiang last spring, rumors spread in Taiwan, alleging that the mainland was mustering 5,000 ships for military action against Taiwan. At the rare sight recently of fishermen from Fujian fishing in the Taiwan Strait for some time, Taiwan authorities, reacting with an oversensitive response, took this as a extraordinary sign and called on the people to heighten vigilance. I believe that if normal contacts and exchanges were allowed between the two sides, such unfounded rumors could be avoided in Taiwan.

DPP Lawmaker Urges Mutual Efforts for Unity
*HK2212034588 Hong Kong SOUTH CHINA
MORNING POST in English 22 Dec 88 p 10*

[By Linda Yeung]

[Text] Beijing's frequent challenges to the legitimacy of the Taipei Government as a ruling body of China would only spoil the efforts to reunify the nation, maverick Taiwanese legislator Chu Kao-cheng said yesterday.

An outspoken member of the opposition Democratic Progressive Party [DPP], Mr Chu called for mutual acceptance and more communication between the mainland and Taiwan.

"Taiwan's relations with China are strained because the latter has so often tried to isolate the former on the international scene, claiming again and again that the Taiwan Government is not the legitimate ruling body for the whole of China," Mr Chu told a seminar at the Baptist College.

A positive attitude, he said, was for the two governments to stop fighting each other in foreign diplomacy, forget about the matter of face, and start negotiating on practical issues.

Mr Chu did not expect reunification to come easily, admitting that the different living standards in the two places was a big hurdle.

"Chinese people in both places should decide when that should happen."

Mr Chu said China's promise of "one country, two systems" was merely a strategic and transitional policy aimed at luring back Taiwan.

Mr Chu believed that a populous nation such as China should adopt a federal system of government, similar to that in India or West Germany.

USSR Invites Businessmen To Visit Siberia
*OW2212005388 Taipei CHUNG KUO SHIH
PAO in Chinese 14 Dec 88 p 1*

[Text] The Soviet Union is actively seeking to invite our country's private businessmen to Siberia for joint exploitation of local resources there. Our businessmen are very

interested in this invitation. They have decided to send a delegation next September to the eastern Urals for a study tour and consultations on relevant matters.

According to the Taiwan Importers and Exporters Association, which is organizing the delegation for the USSR visit for the second time, during the first delegation's visit the Soviet side emphasized on many occasions that China and the Soviet Union will both receive economic benefits from such cooperation. They also invited our private sector to go to Siberia to exploit its resources and establish consumer industries there and, together with them, take part in the programs for rebuilding the Vietnamese economy. Members of the delegation were very impressed.

According to economic and trade officials, at present Japan and South Korea have already decided to launch a large-scale development plan in Siberia in cooperation with the Soviet Union. In view of the fact that it is becoming more and more difficult to gain access to sources of raw materials, plus the fact that swift-footed Japan and South Korea have already made their moves, it is proper for China to also start evaluating and planning similar programs.

Business operators are also very interested in procuring lumber, minerals, and other such raw materials from the Soviet Union. For this reason, the Taiwan Importers and Exporters Association has made the decision to organize another large delegation to visit Siberia and find out about the raw materials there. The delegation is scheduled to begin the visit in September of next year.

In their contacts with our country, the Soviet side does not conceal their high regard for the strength of China's consumer goods industries. They also feel that, since none of the products of these industries fall within the Western industrialized countries' list of controlled items prohibited for export to the communist countries, there is more room for development in these industries. These industries may also invest in joint production ventures with local business operators.

Furthermore, the Soviet side has also made the suggestion that, given the present condition in which direct contacts between China and the Soviet Union are still lacking, each side can use the organizations of third countries to expand face-to-face communication with the other side.

Hong Kong

Domestic Exports To Rise by 9 Percent in 1989

HK2112060388 Hong Kong SOUTH CHINA
MORNING POST in English 21 Dec 88 pp 1, 2

[By Amelia Cabatit]

[Text] Hong Kong's domestic exports should grow by nine percent in value terms in 1989, down slightly from this year's expected 10 percent growth rate, according to the Hong Kong Trade Development Council [TDC].

This would bring the export total for 1989 to \$234.4 billion, compared with this year's projected \$215 billion.

According to a TDC report entitled HONGKONG'S TRADE OUTLOOK for 1989, the two years of impressive growth prior to this year had overheated the economy.

The resulting tight labour supply and rising inflation put serious constraints on the territory's future domestic exports, the report said.

But total export growth for 1988 is still expected to reach 30 percent given heartening figures up till 10 months of the year, down only seven percent from last year.

"This is a healthy figure," TDC chief economist Ms Anna Lai. "Such an increase over already high growth rates of last year is very high."

Total export figures were boosted by a phenomenal rise in re-exports of 55 percent this year.

The trade structure has changed with re-exports overtaking domestic exports, a trend expected to become more marked next year.

This did not mean less healthy domestic exports but exceptionally healthy exports, Mrs Lai said.

She said the re-export levels reflected the increasing importance of Hong Kong as a servicing centre for China and the trend for local manufacturers to relocate part of their production in the mainland.

"Hong Kong had been facing serious production constraints. Manufacturers here have reached capacity and can't handle any more orders," said Mrs Lai.

Lower wage and land prices in China would continue to help maintain prices of the territory's exports at a competitive level.

But unit prices of exports could rise by four percent, she said, boosted by a parallel increase of production costs of roughly the same level.

As result, the growth in the volume of domestic exports for 1989, estimated at five percent, would be by far below the projected rise of nine percent in value terms.

Some exporters had voiced concern that the deteriorating Hong Kong dollar, pegged to the U.S. greenback, was inflating the cost of imported raw materials and jacking up prices of their goods to uncompetitive levels.

But other nations in the region were in worse situations, said Mrs Lai.

Japan, Taiwan and Korea had responded to foreign protectionist pressures and raised the value of their currency, in turn making their exports more expensive.

On a global level, the TDC report warned of a slowdown in the growth of the world economy next year which would restrain growth of U.S. demand.

"It's time to diversify to other markets. I believe local manufacturers are very aware of the potential of developing markets," said Mrs Lai.

Asia offers the best prospects for the diversification of Hong Kong exports as the buoyant domestic demand would create good prospects here, according to the report.

Taiwan, Japan and South Korea's opening of the import market, appreciated currencies, strong economies and increasing spending power of their populations are especially attractive.

Meanwhile, ASEAN nations hold great potential as long-term markets for Hong Kong products.

Non-consumer categories such as machinery, industrial inputs and semi-manufactured goods which are required for these countries' expanding manufacturing industries would be in most demand, the report said.

Regarding China, the report projected reduction of government spending and capital expenditure due to its overheated economy and rising inflation rate.

But demand for industrial inputs—the bulk of Hong Kong's sales to the mainland—will be affected by other factors influencing the success of China's own production and export performance.

These include infrastructure bottlenecks, export outlooks and the level of Hong Kong's processing activities in China.

Export and re-export trade between the two is expected to slow down although activity levels will still be high.

European demand, however, should boost the territory's export growth. The continental economy is expected to grow at a moderate rate and the price of Hong Kong goods to the region should remain competitive.

Sales may not grow as quickly as this year but there may still be moderate gains, the report added. Also, continued strong domestic demand is projected for West Germany, France, the Netherlands and Italy.

This year's export growth is expected to extend into next year for smaller markets such as Spain, Portugal and Greece.

Macao

Basic Law Drafters 'Snub' Taiwan Legislator

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[By Fan Cheuk-wan and Harald Bruning in Macao]

[Text] Local democrats and Macao Basic Law drafters yesterday snubbed controversial Taiwan legislator, Dr Chu Kao-cheng, who is keen to meet politicians in both territories.

They showed little interest in Dr Chu's proposal to hold talks next year in West Germany. He wants mainland, Taiwan and Hong Kong representatives to discuss political developments and reunification.

Sources told THE HONGKONG STANDARD that the democrats had reservations about being associated with the sensitive figure.

"Their lack of understanding of Taiwan politics further deepened their worries," the sources said.

Maverick legislative councillor, Mr Szeto Wah, rejected Dr Chu's verbal invitation to the triangular talks as well as a discussion in Hong Kong.

"I turned him down because I have no free time in the next few days. I don't know much about his proposed triangular talks. I know nothing about what he wishes to discuss," Mr Szeto said.

"I don't have any great knowledge about political developments on either the mainland or Taiwan. I don't think I could contribute much to his proposed talks," he said.

Mr Szeto denied having rejected the invitation because he was worried that Dr Chu's confrontational nature would affect the image of local democrats.

"If I wanted to avoid him, I would not have lunched with him today," Mr Szeto said.

Last night Dr Chu met representatives of Meeting Point at the group's office, but only a few members turned up.

Group chairman Mr Yeung Sum was absent. Mr Yeung told THE HONGKONG STANDARD from his home that he was unaware of the meeting.

Hong Kong Affairs Society President Mr Albert Ho said the talks would not be meaningful because Dr Chu did not represent the Democratic Progressive Party, Taiwan's main opposition party.

He added that the democrats did not speak for Hong Kong people.

Legislator and convenor of Omelco's [Office of the Members of the Executive and Legislative Councils] constitutional affairs panel Mr Andrew Wong, hosted yesterday's lunch for Dr Chu and four liberal legislators—Mr Szeto, Mr Martin Lee Chu-ming, Dr Leong Che-hung and Mr Ronald Chow Mei-tak.

"The meeting was only a very casual one. We exchanged views on the structure, procedures and operation of the legislatures in Hong Kong and Taiwan," Mr Wong said.

Macao's political figures also consider Dr Chu too sensitive.

Several law drafters told THE HONGKONG STANDARD yesterday that none of the enclave's 19 drafters was prepared to meet the Taiwan legislator.

"We don't like this sort of political trouble-maker here in Macao," a conservative Basic Law drafter said.

Dr Chu, who is on a seven-day visit to the territory, has attracted the limelight in the Legislative Yuan with his militant behaviour.

In an interview with THE HONGKONG STANDARD, Dr Chu said he was not aware of any barriers between him and local democrats.

"We share the same ideals and sentiments in the fight for democracy. We share the same values of equality and human rights. I don't think there are any gaps between us," he said.

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